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NEWS SUMMARY

GENERAL

German experts hunt Moro

West German counter-terrorist experts joined Italian police and troops in the hunt for Sig. Aldo Moro, the kidnapped former Premier, and his Red Brigades' captors.

The authorities appear to remain convinced that Sig. Moro is alive and being held in the Rome area.

They are also working on the theory that the kidnapping was organised by "foreign elements."

Meanwhile, Italian judges said that the trial of leaders of the Red Brigades would proceed in Turin despite threats from the guerillas. **Back and Page 3**

Ku Klux Klan leader held

Mr. Bill Wilkinson, 32-year-old electrical contractor from Baton Rouge, Louisana, and Imperial Grand Wizard of the Ku Klux Klan, was arrested in Leeds. Mr. Wilkinson, who was banned from entering Britain a month ago, was moved to London for questioning by immigration officials.

200,000 welcome Muzorewa home

Bishop Abel Muzorewa, United African Council leader and one of the black nationalist signatories to Mr. Ian Smith's internal settlement, returned to Salisbury from his London and New York visits to a rapturous reception from more than 200,000 supporters. The crowd, spilling over four football pitches, was the largest ever assembled at a Rhodesian political rally. **Young seeks to break impasse, Page 3**

Bhutto placed in condemned cell

Pakistan's military rulers clamped tight security on the country as Mr. Bhutto, the former Prime Minister, spent his first night in a condemned cell after being sentenced to death. Mr. Bhutto was reported to have been stripped of special privileges including the right to have food brought in. **Tension in Pakistan, Page 2**

Nuclear claim

Mr. Frank Allaun, Labour MP for Salford East, and vice-chairman of the Labour Party, claimed last night that the Government was considering departing from its election pledge not to embark on a new generation of strategic nuclear weapons.

Drugs haul

Brindisi police seized two tonnes of hasish worth an estimated £1m. in one of Italy's biggest drug hauls.

Briefly . . .

Custodial sentences for young offenders are not successful, according to a report published to-day by eight social services bodies.

The Pill appears to protect against arthritis, a Royal College of General Practitioners' study reports.

At least five people were killed, including four in an avalanche, in week-end accidents in the Italian Alps.

Everton ladies' soccer team was beaten 3-0 by an Indian eleven in the opening game at Calcutta of their Indian tour.

West Indies coasted to victory over Australia in the second Test at Barbados, winning by nine wickets.

Ginger Rogers, 66, appears at the London Palladium to-day—for the first time in her career.

Uganda Airlines is reported to be seeking to buy new aircraft, including a Boeing 747 Jumbo.

Five leaders of a Moslem extremist group were hanged in Cairo for murder. **Page 2**

Cheshire holder of Premium Bond No. 8LW 799301 has won the weekly £50,000 prize.

BUSINESS

New talks on boost to world economy

● **BRITAIN** will intensify its efforts this week to obtain international agreement on measures to boost world economic recovery. Mr. Denis Healey, Chancellor of the Exchequer, will attend an EEC Finance Ministers' meeting in Brussels today, and Mr. James Callaghan, the Prime Minister, will hold talks with President Carter in Washington on Thursday.

The Brussels meeting will discuss a forecast that EEC economic growth this year is likely to be only 2.8 per cent. on present policies, against a target set last October of 4 to 4.5 per cent. **Back Page**

● **CONSUMERS** are still very cautious about the future even though more families now feel better off than a year ago, according to the latest Financial Times survey of consumer confidence. **Page 34**

Tanker owners plan consortium

● **INDEPENDENT** oil tanker owners plan to form an orderly marketing consortium designed to push up freight rates. They plan to form a company to charter tankers from owners in Japan, Greece, Hong Kong and Scandinavia and to release vessels only when the market rate is considered fair. **Page 5**

● **BRITISH STEEL** has been "out-managed" by the private sector of the U.K. steel industry, according to a survey by Inter Company Comparisons. While the State corporation lost nearly £220m. in the three years to April 1977, nearly all private steelmakers were making a profit. **Page 5**

● **BRAZIL'S** steel agency, Siderbras, has signed an agreement with Kawasaki Steel of Japan and Italy's State-controlled Finsider on plans for their joint steel plant, to start production in 1982. **Page 4**

● **GULF OIL'S** chemical business, which suffered a profit setback last year, is expected to continue to be a problem this year because of world petrochemical over-capacity. **Page 35**

● **AIRLINES** have reported an encouraging start to the cheap stand-by fare scheme for flights between Britain and the U.S. **Page 5**

● **BORG WARNER'S** transmission company in the U.K. is now almost breaking even, after a difficult period since the oil crisis developed. **Page 5**

Home loan curb may be tightened

● **GOVERNMENT** will consider further measures to restrict funds for home buying if the rise in house prices fails to taper off in the next few months, said Mr. Peter Shore, Environment Secretary. **Page 5**

● **NATIONAL SAVINGS** movement's net receipts tapered off to £116.6m. in the four weeks to the beginning of March, indicating that the recent small increase in retail sales has started to bite into savings. **Page 5**

● **WELSH** Development Agency is investing a further £0.5m. in six companies to help create nearly 200 new jobs. **Page 5**

● **MANY EMPLOYERS** are waiting until the last minute to make arrangements to contract out of the new U.K. State pension scheme. There is expected to be a rush of applications to contract out before the deadline on Thursday. **Page 5**

● **SHARE OPTIONS** market in London is likely to open on April 21 or 28, two or three weeks later than the larger Amsterdam - based European Options Exchange. **Back Page**

Marchais concedes defeat in election

BY ROBERT MAUTHNER and DAVID CURRY, Paris March 19

M. GEORGES MARCHAIS, the French Communist Party leader, last night conceded defeat as France's Government coalition headed for a clear-cut victory over the Socialist-Communist Opposition, after yesterday's final second-round ballot of the general election.

All the various computer forecasts suggested that the Government parties would have a majority of at least 70 seats over the Left-wing Opposition in the National Assembly, some 30 seats less than its present majority, but much more than was generally expected.

Early projections broadcast by the first French television channel gave the Government coalition between 272 and 292 seats in the 491-member Parliament, compared with the Opposition's 197 to 219 seats.

After counting had been completed in 300 constituencies, the provisional final results gave the Government parties 188 seats, and the Opposition 108.

The Government's score, according to the computer projections, is made up of 134 to 142 Gaullists, 130 to 140 members of the Union Pour la Democratic Francaise grouping the Giscardian Republic Party and the Centrists, and eight to ten other Government supporters. On the Opposition side, the Socialists and their Left-wing Radical allies were expected to win 115 to 127 seats and the Communists, 84 to 92.

The turnout of voters was a record for French Parliamentary elections, demonstrating the importance attached by the electorate to the issues at stake.

As so often in the past, French voters in the end shied at opting for a Government with Communist participation, and rejected a programme which would have led to the nationalisation of nine of the country's biggest industrial groups and the whole banking and financial sector, as well as to a fundamental change in economic policy.

More than 85 per cent. of the registered electorate went to the polls to-day, giving an abstention rate of only 14.8 per cent., a performance rarely, if ever, equalled in any other Western democracy.

It was clear from the results that the French people were not impressed by the last-minute electoral pact thrown together last Monday by the Socialists and Communists, after six months of bitter quarrels.

The agreement failed to solve any of the fundamental differences between the two main partners of the Left on such important problems as their nationalisation programme, economic and social policy in general, and national defence.

M. Jean Lecanuet, the Centrist leader, analysed the outcome of the election in the following words: "When it came to the point, French voters thought again about two things. The fallacies of the common programme and the Left's pact last Monday, which was seen as having been dictated by electoral considerations only and not as a genuine agreement."

The Socialists are probably the most disapopinted of all the political parties. They were widely expected to become by far the most powerful political force in France. But, after polling no more than 22.5 per cent. of the popular vote in the first round—some 5 to 6 percentage points less than all the public opinion polls had forecast—they are likely to have gained no more than about 20 seats after the final ballot to-day.

The poor score of the Left is bound to lead to an agonising reappraisal by the Socialists and Left-wing Radicals of their alliance with the Communists, which has singularly failed to bring in the goods.

Even before the second ballot, some of the Socialist leaders, such as M. Pierre Mauroy, indicated that their party would never again tie themselves down to as precise a Government programme of the Left, as they did in 1972. And to-night, the Left-wing Radical leader, M. Robert Fabre, said his party considered that it was no longer bound by the common programme.

The situation has also greatly changed in the Government coalition's camp. The Gaullists, who had 173 seats in the last Parliament, are likely to have at least 30 fewer in the new National Assembly.

In theory, this should give President Giscard d'Estaing, who has always claimed that the French people basically want to be goverened from the centre, greater room for manoeuvre.

What President Giscard would like to do is to bring in the Socialists into a broadly-based Centrist Government. But it is early days yet, and it appears doubtful whether the Socialists will be prepared for such a fundamental switch in their policy immediately.

M. Francois Mitterrand, the Socialist leader, and some of his closest advisers, are believed to feel that a return to the old centre-Left coalitions of the Fourth Republic would lose the Socialist Party support built up over the last few years.

UN calls on Israel to withdraw

BY OUR FOREIGN STAFF

THE UNITED Nations Security Council yesterday called for the withdrawal of the Israeli Army from southern Lebanon and, endorsing a U.S. initiative, is to dispatch a 3,000-man international peace-keeping force to the area.

In a report for consideration and approval by the Council, almost certainly by to-morrow, Dr. Kurt Waldheim, Secretary-General estimated the force would comprise at least 3,000 front-line troops in five battalions of about 600 officers and men, in addition to logistic units—making a total strength of 4,000.

The Council resolution was adopted by 12 votes to none, with Russia and Czechoslovakia abstaining, and China refusing participation.

Dr. Waldheim said the force would establish and maintain an area of operation as agreed to by the parties concerned.

Israel has already made clear its strong opposition to a UN force policing the border zone.

Thus, the stage has been set for a confrontation between the U.S. and Israel, when Mr. Menahem Begin, Israeli Prime Minister, begins talks with President Jimmy Carter in Washington tomorrow.

The British Government has long been in favour of a UN peace-keeping force taking up positions in the south of Lebanon and had already made contingency studies which may help to speed up the operation.

Last night the Foreign Office said: "We regard the introduction of a UN force into southern Lebanon at an early date as a high priority. If any request is made for assistance we shall consider it urgently and sympathetically."

According to UN sources, Britain is thought likely to make available as a staging point its sovereign bases in Cyprus if asked.

Preliminary

The resolution, introduced last night by Mr. Andrew Young, the chief U.S. delegate, also calls for strict respect for the territorial integrity, sovereignty and political independence of Lebanon within its internationally-recognised boundaries.

It requires Israel "immediately to cease its military action against Lebanese territorial integrity and withdraw forthwith its forces from all Lebanese territory."

Agreement on the resolution represents a diplomatic victory for the U.S.

When the idea was first put forward last week by the State Department, it was greeted with considerable scepticism here, but strong support by the Lebanese Government and the acquiescence of the Syrians appear to have made the difference.

During the preliminary consultations on the text, which was revised several times before it was published, Mr. Oleg Troyanovsky, the Soviet delegate, tried to have included some time limit on the life of the UN force.

David Bell writes from Washington: Administration sources are sceptical about the new proposals that Mr. Begin says he is bringing with him to Washington and fear that he is likely to tell President Carter fairly bluntly that Israel does not trust any UN peace force and has no intention of pulling back from the Lebanon for the time being.

Mr. Carter is expected to argue equally forcefully that the U.S. cannot accept continued Israeli activity in southern Lebanon and points to the mounting danger that Syria may actively intervene on the side of the Palestinians, which could cause a much more serious situation.

U.S. officials do not really know how Mr. Begin may respond to such arguments.

There are some who believe that he may have no choice but to bow to U.S. pressure and that the current Israeli movement further into Lebanon is designed to give Israel as much of a chance to crack the PLO as possible before it withdraws.

The U.S. accepts Israel's position that in the long-term, the best solution may be to rebuild the Lebanese Army so that it can effectively police the border area.

It is felt here, however, that it will take many months if not years to resurrect the Lebanese Army as a credible military force even if, as now seems possible, the U.S. agrees to re-equip it.

More broadly, the administration is still hoping to concentrate Mr. Begin's mind on the overall peace settlement and the negotiations with Egypt, but it is recognised here that this will be extremely difficult.

The Fatah raid into Israel has played straight into Mr. Begin's hands enabling him to argue that Israeli fears about the Palestinians and Israeli vulnerability are amply justified.

It is thus likely to be much harder at this stage for the President to bring pressure to bear on Mr. Begin to reassess his settlement policy both in the West Bank and the Sinai.

There can be no doubt that in the critical battle for U.S. public opinion, Israel has once again won the initiative, following the Fatah raid.

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Editorial Comment, Page 12

U.S. administration concentrates on slowing price rises

BY SAMUEL BRITTAN WASHINGTON, March 19.

THERE HAS been a major shift of concern from unemployment to inflation in the U.S. Administration. Officials are hurriedly getting together a programme for slowing price increases.

Emphasis is placed on domestic reasons for restraint, such as the unexpected sharp 0.9 per cent. increase in consumer prices in January and 1.1 per cent. in wholesale prices in February.

Unemployment has been falling faster than expected, and the severe winter has had surprisingly small impact on production.

Nevertheless, the urgent impulse has come from the decline in the dollar on currency markets. Its further decline early last week, despite the announcement of a U.S.-West German support package, has had a traumatic effect on senior U.S. officials.

It has also shocked International Monetary Fund officials, who are particularly disturbed by the foreign exchange market's disregard of the mention of fund facilities.

Officials are putting together a larger package to strengthen the dollar. The frontrunner is the sale for foreign currencies of a portion of the U.S. gold stock. Another possible measure is the issue of foreign currency-denominated U.S. securities on the private international capital market.

The plight of the dollar has created a new interest in the scheme for international assets to take over some of its reserve role.

The IMF could set up a "substitution account" into which the Organisation of Petroleum Exporting Countries OPEC and other dollar-holders could transfer their holdings in exchange for special drawing rights.

Such an account could probably be set up without an amendment of IMF articles. This would have the advantage of giving oil-producers an exchange guarantee against dollar depreciation without the U.S. having to give such a guarantee directly.

This would still leave open the possibility of oil-producing countries setting the oil price in terms of special drawing rights.

This is just the most dramatic way in which a falling dollar aggravates U.S. inflation, but similar processes can be expected in other product markets.

Contrary to some reports, Mr. James Callaghan, the British Prime Minister, has no plan for confining world currency movements within specified limits. This week's summit meeting between him and President Carter was arranged over a month ago.

Currency stability was only one of five agenda items listed by Mr. Callaghan in a speech last week. The others were growth, trade, capital flow to developing countries and energy conservation.

The U.S. is concerned at what it sees as the protectionist drift of British policy and the lack of enthusiasm for major tariff cuts in the Geneva multilateral trade talks.

Mr. Callaghan believes that such tensions are best handled as part of a general summit-level understanding. If, for instance, the U.S. took action on energy-saving, the Japanese did something to increase imports, and the Germans made some gestures toward domestic expansion, it would be easier for the U.K. and France to move on trade issues.

Continued on Back Page
Callaghan to meet Carter Back Page

Policy statements on oil, steel and Leyland due this week

BY PHILIP RAWSTORNE

THE GOVERNMENT is to make a series of major economic and industrial policy statements this week before Parliament rises for the Easter recess.

The announcements—covering North Sea oil, steel and British Leyland—are also regarded as key political factors in the run-up to the General Election, widely expected in the autumn.

Mr. James Callaghan will to-morrow outline in the Commons the Government's proposals for distributing North Sea oil revenue.

The Prime Minister's statement is likely to give priority in the allocations to investment in manufacturing industry and the development of alternative energy resources. But the prospects for increased expenditure on public services and further tax reductions will also be emphasised.

Cabinet unity over the plans for the share-out will be displayed later when Mr. Denis Healey, Chancellor of the Exchequer, and Mr. Anthony Wedgwood Benn, who fought a vigorous battle over the proposals, join the Prime Minister for the launching of the Government's White Paper at a Press conference.

Future plans for the steel industry will be announced by Mr. Eric Varley, Industry Secretary, in the Commons on Wednesday.

Rust grows on Steel Man, Page 33
Labour confident of holding off SNP, Page 5

A brief White Paper will also be published on the Government's policy for resolving the crisis in the industry. This is expected to include the shelving of investment plans at Port Talbot, Hunterston, Teesside and other plants that would have increased the industry's capacity over the next five years involving the loss of some 40,000 jobs over the same period.

The British Steel Corporation's capital spending is likely to be reduced from the current £500m. a year to around £200m.

Mr. Varley will also reply to a Commons question on Wednesday about development plans for British Leyland.

The National Enterprise Board's report is now being studied by Ministers and though the Government's general support for a further loan to the company may be indicated, the major issues involved could be deferred until a Common debate after Easter.

The Government's hectic business programme this week coincides with an active Labour Party timetable. The Labour Party-TUC liaison committee meets to-day and the party's National Executive on Wednesday, arousing further speculation about an early General Election.

Midland expected to change South Africa loans policy

BY MICHAEL BLANDEN

MIDLAND BANK is expected to announce changes in its policy on loans to the South African Government later this week.

Lord Armstrong, chairman, will discuss the issue in his annual statement on Thursday.

The changes will be greeted as a further success by anti-apartheid groups, active in lobbying Midland and other leading banks over their involvement with South Africa.

Midland has been under pressure over recent years, particularly from the End Loans to South Africa group, which is made up of anti-apartheid and church organisations. Resolutions were put forward calling on the bank to end all loans to the South African Government and its agencies. These have been backed by leading U.K. local authority representatives.

At the last annual meeting, Lord Armstrong called for meetings on the issue. These took place over the past year and it is understood that the move this week is the result of talks between the bank and anti-apartheid groups.

Midland's associate in the U.S., the European American Banking joint venture, took steps last year to limit its commitment to South Africa. Midland's Dutch partner in this group, Amsterdam-Rotterdam Bank, played a significant role in that decision.

This week's news will follow the announcement last week by Citicorp, the second biggest U.S. bank, that it was ending loans to the South African Government and its agencies. Other leading U.S. banks are expected to follow suit.

Last week, however, Mr. Anthony Tuke, Barclays Bank chairman, said in his annual statement that his bank would stay in South Africa and "use all the influence we have to try to bring about a happier and fairer society."

Like Midland, Barclays has been under pressure from anti-apartheid organisations, but argues that it would not improve conditions in South Africa if the bank and other investors withdrew funds.

CONTENTS OF TO-DAY'S ISSUE

THE CRISIS IN SOUTHERN LEBANON

Israelis extend their penetration

BY L. DANIEL

TEL AVIV, March, 19.

ISRAELI forces plunged deeper into the south of Lebanon to-day, pushing their advance well beyond the six-mile "security zone" which was the original stated objective of the operation launched five days ago.

This evening, Lt.-Gen. Mordechai Gur, Israeli Chief of Staff, announced that the 20,000-strong invading force had captured an important Palestinian guerilla base near the River Litani—although he would not give its name or location. Israeli forces had now advanced 10 to 15 kilometres (6 to 9 miles) into the south of Lebanon.

The Chief of Staff said: "The last news that we got this morning was that on the main road from the north, where it crosses the Litani River, our forces have captured an important terrorist stronghold and so cut off the main road they have been using to bring reinforcements until now."

Questioned about the extent of the Israeli advance, he replied: "We are not talking about a security belt anymore, but about a general agreement and arrangement in the area."

The main parties of such an accord — designed to eliminate the Palestinian guerillas from the area south of the Litani — would be the Lebanese Government, the Maronite Christian community, and the predominantly Syrian joint peace-keeping force. "I have no doubt that with these three elements, and mainly the Syrians, terrorist activity can be stopped."

In a politically charged statement, which reflects the view of Mr. Menahem Begin, the Prime Minister, and Mr. Moshe Dayan, the Foreign Minister, General Gur said the UN could not possibly control the border. "In all history, the UN were never able to do the job without an agreement between the parties involved."

Optimistic forecasts on Friday that the Israeli troops were in control and only engaged in mopping up operations, looking for small groups of Palestinians in hiding, were proved wrong yesterday.

Throughout Saturday, heavy artillery duels took place between Israeli artillery emplacements and the positions of Palestinian rocket launchers. Both the Israeli Air Force and Navy were in action, against the important communications centres at Rashadiye and the two large Fatah bases on the outskirts of the southern Lebanese port of Tyre, which has for years provided the staging post for these bases.

Another target was the coastal road running from Tyre to Sidon, crowded with northbound streams of villagers fleeing the battle area and with southbound reinforcements for Fatah and other Palestinian groupings in the area.

At the week-end the Mukhtar (Headman) of Tiblin, in the central sector of the front, and eight other villages in the area, decided to "ask for the protection" of the Israeli troops, according to the wording of the official announcement, rather thank risk having their houses laid ruin. It cautioned other villages to follow this example.

To-day's operations were on a smaller scale. Apart from the bombing of the Fatah base in the Rashadiyah camp, operations consisted mainly of house-to-house and hillside-to-hillside combing operations, with the Israeli ground forces advancing from east to west so that the only escape route left to the guerillas is the coastal road from north of Tyre to Sidon.

During the night, Israeli troops captured the important Palestinian stronghold at Akia, just south of the Litani. This cut off the main road for Palestinian reinforcements or withdrawal.

Common line sought by Arab hard-liners

By Louis Fares

DAMASCUS, March 19.

FOREIGN and defence ministers of the Arab "Steadfastness Front"—Syria, Libya, Algeria, South Yemen, and the Palestine Liberation Orgainsation—to-night open an extraordinary meeting here to discuss the Israeli invasion of south Lebanon.

Syrian official sources said the meeting is "to determine the repercussions of the Israeli aggression, and to consider ways and means of meeting the enemy challenges."

They also stressed the need to adopt a common attitude "to enable Syria and the PLO to face the Israeli aggression and to foil the surrenderist plans in the area."

Reuter reports: the four Arab states will consider providing air cover to protect Palestinian refugee camps and inhabited areas in Lebanon, the Libyan news agency Jana reported to-day.

In a despatch received in London, Jana said points on the agenda for the meeting include supplying the PLO and Lebanese left-wing forces with all the necessities for battle, setting up a committee in Damascus or Beirut to co-ordinate these commitments, and providing air cover to protect refugee camps and inhabited areas.

President Hafez al-Assad of Syria said yesterday the Syrian skies were open to all Arabs who wanted to resist Israeli forces in south Lebanon.

In Cairo, Mr. Mohammed Ibrahim Kamel, the Egyptian Foreign Minister, told parliament the invasion was an obstacle to a just Arab-Israeli settlement, such as President Anwar Sadat sought with his peace initiative last year.

This initiative, he said, put Israel in a difficult position and it was now trying to divert world attention. "Attempts for expansion will achieve nothing but a continuation of wars," Mr. Kamel said.

He also said that the invasion of south Lebanon had been planned long ago and was not a reply to the Palestinian guerilla raid on central Israel a week ago.

Egypt supported stationing UN troops in south Lebanon, if this proved necessary, and agreed in principle to hold Arab meetings, including an Arab summit, on the invasion, Mr. Kamel added.

Refugees flee north as bombing continues

BY ROGER MATTHEWS

TYRE, Southern Lebanon, March 19.

ISRAEL'S two-pronged armoured thrust deeper into Southern Lebanon to-day was being met by vigorous if obviously limited resistance, as the fighting continued throughout the fifth day of the Israeli invasion.

Only a few hundred of the estimated 3,000 guerillas in the area were believed to be involved today. A spokesman for the southern command of the Al Fatah guerillas said that no ceasefire would be accepted, and scorned plans to send in a UN peacekeeping force. The Palestinians' main anxiety was that the Syrians, who have 30,000 troops in Lebanon as part of the Arab peacekeeping force, would maintain their neutrality.

The immediate aim of the fresh Israeli advance seemed to be to cut off the city of Tyre. One Israeli brigade was edging forward up the coast road, and another was making some progress along the south-eastern route from the town of Tibnine, overrun yesterday. This could scarcely be described as a "mopping-up" operation.

Once the shelling and bombing of the area around Tyre increased this morning, thousands more refugees fled in panic from their homes. The road to the north became choked as they swelled the estimated 100,000 who have already abandoned their towns and villages.

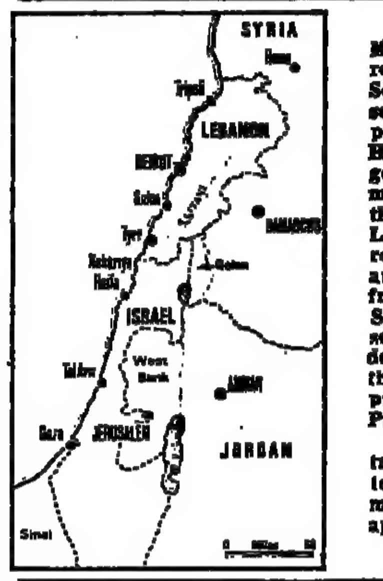
From just south of here this morning, correspondents watched the Israeli assault. First two destroyers, clearly visible on the horizon, pounded the Palestinian camp at Rashaidieh. This was followed by artillery hitting further inland, and then by a series of air strikes.

The Israeli jets, just visible as they wheeled out to sea before launching their bombing runs, appeared first to be striking the area around Jouaya. Columns of thick smoke rose from the hills inland from Tyre, and the blast of heavy explosives rattled the windows of the International Red Cross centre where we were sheltering.

After a brief lull, the aircraft returned again, this time to concentrate on a road junction about a mile from the Red Cross centre. In just over an hour, 15 bombing runs were made, although it is doubtful whether the swiftly-moving groups of guerillas were suffering many casualties.

When the bombing and shelling eased momentarily, heavy machine-gun fire could be heard from the surrounding hills. The attack continued into the afternoon, and a Palestinian spokesman said later that a message had been monitored from an Israeli brigade commander calling for further air and artillery support.

The Israeli Government in trying to limit its casualties is using its vast air, naval and artillery power to try and silence even small Palestinian positions. The cost to the civilian position is thus becoming ever more tragic while relatively little damage is being done to the Palestinians capability for waging a traditional guerilla war.



Make-shift tent camps for refugees fleeing the fighting in Southern Lebanon have been set up in Beirut and in the port of Sidon, writes Ihsan Hijazi. The numbers of refugees has been roughly estimated at about 150,000, two-thirds of whom are from Lebanese villages within the region of the fighting. The rest are Palestinians evacuated from refugee camps in the South. Official Lebanese sources accused the Israelis of deliberate attempts to drive out the people of the south to put pressure on Beirut and the Palestinians.

The refugees are concentrated in Beirut's Moslem quarters. Assisted by gunmen, many have taken over empty apartments there.

The coastal road to-day was almost as frighteningly expressive of war as the Israeli bombing. Hundreds of cars loaded with bedding and suitcases, and packed with women and children; tractors hauling trailers with 30 or more people jammed in; farmers driving their few cattle; shepherds with flocks of goats and sheep; animals lying dead by the roadside; families on foot, carrying their possessions on their heads; and even a string of camels.

The town of Sidon is already jammed, and Beirut is beginning to feel the strains caused by the exodus. Several shooting incidents have been witnessed, as refugees attempt to move into blocks of flats and are thrown back by owners or tenants. With the Lebanese Government virtually powerless, the situation can only become more grave. Lebanon is now being torn hopelessly in several directions, which adds to the sharp tensions that remain from the civil war.

Dr. Elias Shufani, spokesman for Al Fatah southern command, said he thought it was Israeli policy to leave one road open to the north, so that the flood of refugees would add to the country's internal pressures. But he was also bitter about the attitude of the Palestinians' Arab partners. "Not one of those lousy Arab Governments has sent us anything not even food. They could at least do something, like tents for the refugees. They don't even offer that."

He thought that the people of Lebanon had only contempt for the Syrians and their troops. But he insisted that the Palestinian guerillas were buoyant, and almost carried away by their own successes. They would continue fighting, he stressed and now had well-developed tactics of operating in groups of four, hitting the enemy where possible and then withdrawing.

Should the Israelis decide to occupy Tyre, then it would become "our little Stalingrad," said Dr. Shoufani. However, he thought they might choose to flatten the city by aerial bombardment or to isolate it.

The Palestinians are all too obviously elated by their achievement in holding back a vastly superior force for so long in what is effectively their first-ever war against the Israelis, and by the conviction that they can sustain the battle for many days to come.

Guerilla reinforcements arrive

BY IHSAN HIJAZI

BEIRUT, March 19.

PALESTINIAN guerrillas have received reinforcements in men and arms during the past two days which have helped them keep up what Palestinian sources now call the "war of attrition" against Israel in southern Lebanon.

The Syrian-backed guerilla group As Saiqa has boosted its ranks to over 1,000, from about 300. They are all confronting the Israelis. They bought with them some heavy weapons such as rocket launchers and mortars, according to informed sources.

Iraq has sent arms and ammunition. Arab diplomatic sources said the Iraqi "peoples army," formed of 17,000 militiamen, has offered to send volunteers to southern Lebanon. Two thousand members of this army had fought here during the Lebanese civil war 18 months ago, the fighters returned to Baghdad at the end of the war.

According to the same sources, Mr. Yasir Arafat, the PLA chairman, has sent a message to President Sadat of Egypt asking him to ship the Ain Jalout brigade of the Palestine Liberation Army to Lebanon.

The brigade, formed of about 1,500 men, was in Lebanon during the civil war, but returned to Egypt a year ago. Informed sources believe President Sadat will wait until his national security council meets. The meeting is now scheduled for next Saturday.

Analysts see Syria's position in this matter as crucial. With the Israelis blockading guerilla sea routes to the ports of Tyre and Sidon in southern Lebanon, Syria offers the only supply line for the Palestinians.

President Hafez Assad in a speech yesterday warned that Israel and the world ought to expect the resistance in southern Lebanon to escalate if the Israelis refuse to withdraw from southern Lebanon.

He declared also that Syrian territory and airspace were open to any arab country wishing to send assistance to the Palestinian guerillas.

As the fighting in southern Lebanon entered its fifth day to-day, it was coming dangerously close to where Syrian troops are stationed. Syria maintains 30,000 soldiers here as part of the Arab peace-keeping force. Some of these units are stationed about 15 miles north of the Israeli border.

Reports in the Press today said that Mig fighter planes of the Syrian air force have thrown an air umbrella over Syrian troops stationed in Lebanon. An official announcement a few days ago said Syria was to provide air defence for the Arab peacekeepers here.

Meanwhile, right-wing Lebanese are afraid Lebanon may be turned into an arena for an Arab-Israeli war. Such leaders as former President Camille Chamoun and Phalange party chief Pierre Gemayel have demanded that both the Israelis and Palestinians must be kept out of south Lebanon. Other right-wingers have called on the Government to abrogate all agreements with the PLO and not to allow Arab military reinforcements.

Jordanian envoys on Arab tour

By Rami G. Khouri

AMMAN, March 19.

THREE SENIOR envoys of Jordan's King Hussein fanned out throughout the Arab world to-day in a fresh bid by Amman to forge a semblance of Arab unity to confront the Israeli occupation of southern Lebanon.

Mr. Abdul Hamid Sharaf, Chief of the Royal Court, has left for talks in Damascus with Syrian President Hafez Assad, and it was not ruled out here that he would also confer with leaders of the anti-Sadat Steadfastness Front who were also scheduled to meet in Damascus to-day.

Mr. Amer Khammash, Minister of Court, is flying with messages from King Hussein to the leaders of Bahrain, Qatar, the United Arab Emirates (UAE) and Oman, while Mr. Hassan Ibrahim, Minister of State for Foreign Affairs, went to meet President Sadat in Cairo this morning. Mr. Ibrahim will later travel on for similar meetings with the leaders of Libya, Algeria, Tunisia and Morocco.

It is also planned that Mr. Mudar Badran, the Prime Minister and Foreign Minister will travel to Saudi Arabia and Kuwait later to-day or to-morrow morning for talks with their leaders, the Financial Times has learned. This is a concerted Jordanian effort to have the Arabs put aside their disagreement and gather for an urgent Arab summit to draw up a coherent political and perhaps a military strategy to counter the Israeli invasion of southern Lebanon.

Five hanged in Cairo

CAIRO March 19.

FIVE LEADERS of a Moslem extremist group which killed a former Egyptian Minister last year were hanged to-day, the official Middle East News Agency said.

A military tribunal sentenced the five to death last November after convicting them of involvement in the July kidnap and murder of Dr. Mohammed Hussein Zahabi, ex-Minister of Wakfs (Religious Endowments).

Hanged to-day were Chukri Ahmed Mustapha, head of Takfir Wal Hijira—"the Society for Repentance and Flight from Sin"—and four of his lieutenants.

Reuter

OVERSEAS NEWS

Bert Lance accused of links with London bank

BY JOHN WYLES

NEW YORK, March 19.

THE LONDON-BASED Bank of Credit and Commerce International has been employing Mr. Bert Lance, President Carter's former budget director, as an investment advisor since last October. It has arranged "substantial" personal loans for him too, according to a Securities and Exchange Commission complaint filed in a Federal Court in Washington DC.

The complaint, lodged on Friday, accused Mr. Lance, the Cayman Islands' company which controls Bank of Credit and Commerce, and eight other associates, of violating Federal Securities laws.

The case was speedily settled yesterday by the defendants consenting to a Court order requiring them to put ther relationship with Financial General Bankshares, a Washington holding company, on a new footing.

The form of settlement is common to many SEC suits and involves the defendants in neither admitting nor denying charges.

Nevertheless, SEC's complaint could add to the controversy surrounding Mr. Lance because it alleges that he breached an undertaking given at hearings before a Senate committee last year that he would avoid any involvement in private banking while budget director.

This is the first time that any allegations have been made about Mr. Lance's conduct while in office.

Mr. Lance and his associates now control 28 per cent. of Financial General's stock. The settlement with SEC involves International Credit and Investment and three Arab businessmen agreeing to make a tender offer for Financial General Bankshares "as promptly as practicable."

The three Arabs who have given this undertaking are Sheikh Kamal Adham, the former Chief of Intelligence of Saudi Arabia, Faisal Saud al Fulaij, a Kuwaiti businessman, and Abdullah Darwaish, an adviser to the Royal Family in Abu Dhabi.

These investors have agreed that if they make a tender offer for Financial General, it will be at $15 a share—the stock closed at $11½ on the U.S. Stock Exchange last Friday. They have also agreed to establish with Sheikh Sultan al Nahyan, the Crown Prince of Abu Dhabi, a $1m. fund from which Financial General shareholders who sold to the so-called Lance Group, can file claims for reparations. Thus a stockholder who sold less than the $15 approved by the Court could obtain the difference from this fund.

All of the defendants, including Mr. Lance, whose wife owns 13,000 shares of Financial General, have agreed not to sell or to transfer their shares until a tender offer has been successfully made or an agreement has been reached to sell the group's interest in the company.

Court rebuff over U.S. coal strike

BY JOHN WYLES

NEW YORK, March 19.

U.S. COAL MINERS who have been on strike for 103 days are no longer legally obliged to return to work under the Taft Hartley Act, following a court rebuff for a Government attempt to extend a temporary Order.

This was issued on March 9 and when the Government sought to have it extended for a further 11 days, Federal District Judge Aubrey Robinson said that the miners "are not paying attention to what I do anyhow."

The judge also observed that the Government had failed to demonstrate that the strike was endangering the nation's health and security, but he gave the Government lawyers leave to ask for a permanent injunction on March 28.

Pakistan tense after Bhutto move

BY SIMON HENDERSON

ISLAMABAD, March 19.

TENSION remained high in Pakistan today following the sentence to death on Saturday of Mr. Zulfikar Ali Bhutto, the still popular former prime minister.

Mr. Bhutto, who was deposed by the military ruler General Zia-ul Haq, last July, was found guilty in the Lahore high court of ordering the murder of an opponent three-and-a-half years ago.

Four other men, who carried out the ambush in which the politician escaped, but his father died, were also found guilty and sentenced to death.

All five have seven days to appeal to the Supreme Court and sources close to Mr. Bhutto indicate that he is preparaing to do this. If the appeal fails, the President can commute the sentence of hanging to a prison term.

The ban on all political activities, and new hard penalties imposed at the beginning of the month, appear to have reduced any spontaneous mass reaction against the sentence from Mr. Bhutto's still numerous supporters.

Some medical colleges in the southern Sind province had to send their students home when demonstrations seemed likely; and both to-day and yesterday groups of youths in Lahore burnt tyres and threw bricks at police.

In the capital everything was quiet to-day, after the demonstration in nearby Rawalpindi yesterday in which about 100 people took part and several were arrested. These were sentenced within hours by a summary military court to one years' imprisonment and 15 lashes.

To-day, military police armed with sub-machine guns were helping local police to direct traffic, and other police contingents were waiting in police yards equipped with riot gear.

Reaction in the Press has been non-existent as a martial law regulation prohibits it. No newspaper commented editorially on the sentencing, which came as a surprise to many who had only been expecting a seven or ten-year prison term.

Mr. Bhutto's wife, the Begum Nusrat Bhutto, who has been leading his People's Party during his detention since last September, is being held incommunicado at her home in Lahore.

His 24-year-old daughter, Benazir, who will be party chairman if her mother is disqualified from politics, is also under house arrest 600 miles to the south in Karachi.

Leaders of the former opposition National Alliance, who led a campaign of agitation last year against Mr. Bhutto when he rigged the March general elections, have also not commented publicly.

They were in the capital yesterday for discussions with the military but left for different parts of the country soon after the talks.

The murder case has been only one of several charges brought against Mr. Bhutto since his overthrow. Besides two counts of contempt of court and illegal detention, he also faces six charges of corruption and election rigging at a special court which had its initial hearing in Lahore a week ago.

When General Zia originally took over last July, he promised to hold elections in 90 days but in September Mr. Bhutto was arrested on the murder charge and by the end of the month the general had postponed elections indefinitely so that trials against him and other politicians could be completed.

Despite all the charges Mr. Bhutto has retained personal popularity and his People's Party has become the main opposition to the military Government.

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Desai plan rejected by States

By K. K. Sharma

MR. MORARJI DESAI, the Indian Prime Minister, has been given a sharp rebuff by the Chief Ministers of the country's 22 States when they refused to approve the "rolling plan" for development for the period 1978-83. The refusal to adopt the plan was implicit in the two-day meeting of the National Development Council, which ended to-day, when the Chief Ministers successfully insisted on another meeting of the Council in October.

Mr. Desai has so far refused to accede to the demand of the States, now ruled by at least five different political parties, for a say in formulation of the plan, drafted by the Planning Commission of which he is the head. The Chief Ministers thus used the meeting of the National Development Council, the country's supreme economic policy decision-making body, to stall his efforts to push through the Janata Party's development strategy.

Many Chief Ministers, led by Mr. Jyoti Basu, of West Bengal protested against the manner in which the central government was trying to foist the policy document on them. They said this had been received by them just a week ago, giving them no time to study it.

Ministers also took the opportunity of the Council meeting to have the first debate on the demand of some States for greater autonomy. Apart from Mr. Basu, the demand for greater autonomy, particularly in respect of financial powers and formulation of economic policy, came from Kashmir's Sheikh Abdullah, Punjab's Sikh Akali Party Prakash Singh Badal and even from some Janata-ruled states like Bihar. States ruled by Mrs. Indira Gandhi's Congress (I) such as Karnataka and Andhra joined them.

The "rolling" plan, which involves an investment of around £70bn. in the next five years, will not be stopped by last week-end's action since the annual plan for the first year has already been approved by the States in individual meetings they held with the Planning Commission earlier in the year. But the broad development strategy for the next five years and the perspective plan for the next 10 years has not been formally endorsed.

Although the debate was on a low-key and the confrontation between the central Government and the States did not erupt as explosively as it could have, the States made it clear that the central Government could not take them for granted.

Thousands turn out to welcome Muzorewa home

BY TONY HAWKINS

SALISBURY, March 19.

UPWARDS of 200,000 people — the largest crowd ever seen at a Rhodesian political rally — turned out to-day here to welcome Bishop Muzorewa, leader of the United African National Council, home from his visit to London and New York.

Some observers estimated that the crowd was as large as 250,000, and even official police estimates exceeded 100,000.

The Bishop said the meeting demonstrated to the UN Security Council, which he had been refused permission to address, that the Rhodesian internal settlement agreement was accepted and supported by the masses of "Zimbabwe."

He told the rally that within days his party would be calling upon "the boys and girls in the bush (the guerillas)" to return home "a free and heroic people."

The Bishop told his enthusiastic supporters that in the agreement they had secured all that the people had been fighting for in the past 87 years. He spent some time stressing the need for retaining the whites in the country to help provide food, jobs and opportunity for the people. He did not want an economy of "beggars and puppets" that would depend on "bloodsucking expatriates." Other countries had got rid of their whites and then been forced to invite back expatriates. Zimbabwe was not going to repeat mistakes of this kind, he said.

The Bishop said that in many countries the national flag was a symbol of hunger. He wanted all whites of goodwill to remain in the new Zimbabwe.

The internal agreement, he said, provided for the integration of the guerillas into the new national army of Zimbabwe.

Bishop Muzorewa attacked Dr. Kenneth Kaunda, of Zambia, who he said was "a very sad man" because of the internal settlement, and he was critical of Dr. David Owen, the British Foreign Secretary, for trying so hard to secure power in Zimbabwe for Mr. Joshua Nkomo, co-leader of the Rhodesian Patriotic Front.

He said Dr. Owen would have to accept that the internal talks had succeeded where he had failed. He promised that in a few weeks members of the UN Security Council would start to change their minds, and claimed that some UN members had already promised Zimbabwe official recognition and were starting to discuss such issues as trading relations. "Next year we shall be a member of the Organisation for African Unity," the Bishop said.

He promised that the immediate tasks of the transitional government—which is expected to be established this week—would be to stamp out racialism, tribalism, ignorance, disunity and poverty.

The Bishop was welcomed at Salisbury airport by a Deputy Minister from Mr. Smith's Cabinet—the first time the Government has sent a ranking Minister to meet an African nationalist politician. The Bishop's reception gives support to the strongly held Salisbury view that his United African National Council is far and away the most popular nationalist party and that it would be likely to win the bulk of the black seats in any free elections.

There has been no official comment yet on the outcome of the Pretoria meeting and the British invitation to a New York conference on Rhodesia. However, well informed sources both within the nationalist parties and the Government do not expect that the transitional administration—which will decide whether to go to the meeting—will accept the invitation.

Cambodia border dispute

BELGRADE, March 19.

MR. POL POT, the Cambodian Prime Minister, said to-day that his country's dispute with Vietnam was about border issues and the idea of an Indo-Chinese federation.

In an interview with one of four Yugoslav journalists allowed to visit Cambodia, Mr. Pol Pot said his country was against the federation proposal because it would reduce its people to a national minority.

Vietnamese Prime Minister Pham Van Dong denied earlier this month that his country was working towards an Indo-Chinese federation with a view to dominating its members.

The Cambodian Premier said his talks with Vietnamese leaders in Hanoi in 1975 on border questions and relations generally had ended in failure, even though Cambodia had made no territorial demands. A Vietnamese delegation that visited Phnom Penh in May 1976 refused to accept previous frontier agreements between the two countries, he said.

Questioned on the kind of society Cambodia planned to create, the Prime Minister said: "We have no models. Our aim is to construct a society in which there will be well-being, progress and equality for all . . . in which all will take part in production and national defence."

Peasants and workers should benefit most because they had contributed most to the revolution, but the people could choose a different society if they wanted, he said.

Reuter

Young bid to break African impasse

By Michael Holman

LUSAKA, March 19.

MR. ANDREW YOUNG, the United States Ambassador to the United Nations, arrives in Lusaka on Wednesday on the second leg of a southern Africa tour apparently designed to break the impasse in Western efforts to resolve the Namibian and Rhodesian problems.

Mr. Young is due to address the 25-member Council of Namibia, set up by the United Nations in 1967, which meets in Lusaka this week, and hold talks with Zambian President Kenneth Kaunda, and Mr. Joshua Nkomo, co-leader of the Rhodesian Patriotic Front, before flying to Mozambique. There he is expected to see President Samora Machel and Mr. Robert Mugabe, the other Patriotic Front leader.

The first leg of the tour takes Mr. Young to Tanzania for discussions with President Julius Nyerere.

The tentative itinerary will also include Botswana, where it is thought the ambassador may meet the internally-based Black Rhodesian leaders who recently agreed on settlement terms with Prime Minister Smith.

Western proposals on Namibia have so far failed to win acceptance from the South West Africa Peoples Organisation (SWAPO) and the South African Government. The main stumbling blocks are the future of the South African enclave, Walvis Bay, and the size and location of South African troops during any transition period.

However, Western powers are continuing their two-pronged strategy of economic pressure on South Africa and front-line state pressure on SWAPO, notably through the Tanzanian President who, diplomatic sources say here, argues that a United Nations peace-keeping force could effectively monitor and safeguard the interim arrangements.

ITALY'S 'RED BRIGADES' GUERILLAS GO ON TRIAL

A major test for the State

BY PAUL BETTS

TURIN, March 19.

"DEMOCRATIC ITALY will not give in" proclaimed a slogan scrawled on a column in Piazza San Carlo in the heart of Turin to-day. The square was virtually empty, but the silence hanging over this northern industrial city was profoundly misleading.

Some 72 hours after the bloody kidnap of Sr. Aldo Moro, the Christian Democrat leader and former Prime Minister of Italy, the city now faces perhaps its biggest challenge.

Direct political and security issues apart, the other end of the Moro kidnapping is clearly here in Turin where the trial of some 49 members of the extreme Red Brigade's Left-wing guerilla group, facing numerous charges including "subversion against the State" is due to resume to-morrow morning in the heavily guarded Lamarmora Barracks.

It will not only be a major test for Turin, which has lately been labelled "Italy's laboratory of terror" but for the state itself.

Sr. Moro's captors, claiming to belong to the Red Brigade, said in a communique this weekend that they would try the Christian Democrat president in their own self-styled "popular" court. The Turin trial they said, represented an "act of war."

In the face of these threats, the key question here is whether the State will be able to carry out the trial of the guerillas. According to the chairman of the bench, Sr. Guido Barbaro, the trial will resume normally as "any other trial" tomorrow. The court, he claimed, would not be intimidated. The Turin Public Prosecutor, Sr. Luigi Mosthella, has expressed similar sentiments.

Some 72 hours after the bloody kidnap of Sr. Aldo Moro, the Christian Democratic leader, both Turin and Italy face a major challenge as 49 urban guerillas go on trial.

But the background to the trial does not augur well for the future. On two separate occasions it had to be postponed. The first time was two years ago when the Genoa Procurator General, Sr. Francesco Coco, was murdered together with his chauffeur and bodyguard by a Red Brigade terrorist squad. It also had to be put off last May when the court was unable to constitute a popular jury after a concerted intimidation campaign in Turin, culminating in the assassination of a leading lawyer on the eve of the opening of the trial.

The events leading up to the killing of Sr. Coco, the Genoa Procurator, in 1976 has some parallel with the present dramatic situation. In May 1974 when a Genoa magistrate, Sr. Mario Sossi, was kidnapped by the Red Brigades. He too was tried by a so-called popular court. The guerilla movement demanded the release of eight imprisoned "comrades" belonging to a group calling itself "22 October." After a national outcry, a Genoa appeals court gave in to the terrorists' demands. But the court's decision was blocked by Sr. Coco. Two years later he was murdered in an ambush similar to the kidnap on Thursday of Sr. Moro in which five policemen died.

The Turin court has again laboured to constitute a jury. Some 150 people were selected. Most refused for a whole series of different reasons. Finally, 10 days ago, the court formed a 14-man jury including, amid fierce controversy, Adelaide Aglietta, the Secretary-General of the small Radical Party, whose name was drawn by lot.

They found similar difficulties in appointing defence counsels. The intimidation campaign unleashed by the Red Brigades intensified, and barely nine days ago, they shot dead a Turin special branch officer.

Renato Curcio—a student in sociology from the northern town of Trento who is believed to have founded the movement in 1969—and the other Turin accused are expected to file into court tomorrow menacled in chains and caged in a steel box. They are likely to attempt to stop the hearing by raising technical objections and by disrupting the proceedings.

Over the weekend, they were reportedly immersed in legal literature while listening in their cells on a small transistor radio to the latest developments in the Moro kidnapping. They are said to have burst into song and laughter when they first heard news of the kidnap.

In Turin tonight, the mood was one of qualified optimism despite nagging doubts whether all the jury members and lawyers would turn up in force tomorrow. If the trial is postponed yet again, it is felt here it would be tantamount to saying the state was defeated.

Basques angry over nuclear plant attack

BY DAVID GARDNER

BARCELONA, March 19.

THE AUTONOMOUS Basque General Council has called on all Basques to demonstrate their repudiation of violence following Friday afternoon's bomb attack on the nuclear power station being built at Lemoniz, 12 miles west of Bilbao, which killed two and injured 14 construction workers. The major trade unions in the Basque provinces have called for a massive turnout at to-morrow morning's funeral in Bilbao.

The two water reactors under construction at Lemoniz were due to come into service this year, and are being supplied by Westinghouse under contract to Iberduero.

This is the second attack on Lemoniz in three months. On December 19, a four-man ETA commando attacked the Civil Guard garrison at the entrance to the plant. One ETA member was fatally wounded. The extent of the damage caused by Friday's attack has yet to be assessed.

Opposition to Lemoniz and two further reactors planned at Ispaster and Deva, some 40 miles east of Bilbao, is deep-rooted in the Basque country. In Balbao last July some 200,000 people demonstrated their opposition to the creation of a "Basque nuclear coast" after freak summer rainstorms had caused several million dollars worth of flood damage at Lemoniz. Last Sunday between 60,000 and 100,000 people congregated at Lemoniz to protest against the plant.

On Monday the Basque General Council called for a moratorium on uranium supplies to Lemoniz until the issue had been fully researched and discussed.

Police probe Lisbon fire

By Jimmy Burns

LISBON, March 19.

POLICE ARE investigating a theory, given wide coverage by the national press, that the fire which almost completely destroyed Lisbon University's Faculty of Sciences on Saturday may have been politically motivated.

The police probe follows a phone call to the national news agency by an individual claiming responsibility for the fire on behalf of CODEC (Commando for the Defence of Western Civilisation), a hitherto little-known guerilla organisation.

British television's American channel

BY CAROLE KORZENIOWSKY IN NEW YORK

NEW YORKERS are being asked this week to dig into their pockets for their local Public Television station and many of the televised appeals are being delivered in unmistakably British accents. The public has already been importuned, charmed and badgered by such notables as Sir Huw Wheldon, formerly Managing Director of the BBC. British actors and actresses including Derek Jacobi, Robin Ellis, Simon Williams, Angharad Rees, Sian Phillips and Jean Marsh, have also appeared.

The occasion is Festival '78, a euphemism for Public Television's fourth annual national fund-raising event — necessary because Public Television is non-commercial. The Festival includes 80 hours of non-stop national programming featuring prominently the co-production of Dracula made by the BBC and WNET, the New York Public Television station, as well as the BBC productions of Great Expectations and Anna Karenina.

The celebration marks the 25th year of non-commercial television in the U.S., an institution which has altered profoundly in recent years. Its beginning in the 1950s was inauspicious, more an afterthought of the Federal Government which, unhappy with the profit-orientated direction that early television was taking, decided to set aside channels exclusively for non-commercial educational use. But few groups had the funds for the enormously expensive creation and operation of a TV station. Even when they had sufficient money, they hardly provided competition for commercial stations, particularly those organised into sophisticated national networks and able to draw on the best and most expensive entertainment talent.

After years in which educational TV was synonymous with earnest but rather dull programming, a turning point came with the enactment of the Public Broadcasting Act of 1967. This established the Corporation for Public Broadcasting, through which grants awarded by Congress are funnelled to public stations. Shortly afterwards the Public Broadcasting System was formed. It acts as the central organisation and distribution service for Local Public television stations. With the creation of a nationwide electronic hook-up in 1970, Public Television became the fourth network, challenging the three old giants of commercial television, ABC, CBS and NBC. A communications satellite, scheduled to begin operations in 1979, will make it possible to beam news coverage and live performances from anywhere in the country.

A communications satellite, scheduled to begin operations in 1979, will make it possible to beam news coverage and live performances from anywhere in the country.

Yet Public Television must still "sing for its soup," as Mr. David Othmer, Director of Broadcasting at WNET/New York put it, envying the BBC its "Large, fairly stable, fairly predictable budget." "We're always scrambling around to produce our amazing amalgam of corporate, foundation, State, local and federal funding, not to mention our largest single source, voluntary subscriptions, which make up 25 per cent. of our budget." The voluntary subscriptions are a surprising feature when one considers that U.S. audiences are used to getting their fare free.

The Federal Government insists that Public Television must obtain money from alternate funding and at present grants $1 for every $2.50 secured from non-Governmental sources. Following the same philosophy, some foundations match funds collected from voluntary viewer subscriptions. To raise these funds public stations launch vast membership campaigns, or run televised auctions where viewers bid over the telephone for art-work and antiques. They woo foundations and corporations with the same sophisticated public relations work to be found in the commercial sector. But to put things into proportion, U.S. commercial television broadcast revenues were $4.1bn. in 1975 compared with $325m. for Public Television. Commercial TV spends $19.18 per viewer compared with $1.54 for public TV.

Matching funds are tied to the notion that Public Television must receive its mandate directly from its audience via subscription and remain independent of Government and commercial interests. President Jimmy Carter has recently submitted to Congress a Long-Range Funding Bill allocating $1bn. to public television over a five year period. It is meeting considerable resistance from some Congressmen who accuse the public stations of a poor record of hiring members of minorities. They point to criticism from some community groups as proof that Public Television is not responsive enough to public needs.

On the other hand there are increasing contributions to Public Television from corporate supporters like Exxon and Mobil Oil which, although they receive only formal acknowledgment for their donations on the air, are able to make their good works perfectly clear through newspaper, magazine and billboard advertising. The increasing use of British drama in recent years can be partly attributed to the fact that corporations like to see what they are buying rather than invest in an idea for development by domestic producers. Mr. John Irwin, special adviser for Exxon, who was in London last year with WNET executives to see programmes made by the BBC, Yorkshire, Thames, Granada and other ITV stations, said: "We look at what's available along with WNET and then we usually come to an amiable agreement."

There are many who feel that independent U.S. producers should be given more of a chance if quality broadcasting is to take root in America. Responding to this criticism PBS officials cite a recent study which shows that only about 7 per cent. of all new programmes are foreign imports. These, however, tend to be clustered in prime time after-dinner hours and are repeated so often that they become conspicuous. While the report maintains that U.S. Public Television exports more than it buys abroad, virtually the entire export figure is represented by one children's show—Sesame Street, which appears seven days a week in the U.S.

The viewer can however only be grateful for Public Television's alternatives to the bland diet of police stories and mediocre situation comedies provided by commercial stations. Rather like BBC 2, it caters to the minority audiences for dance, theatre and music.

Nevertheless, and this remains a serious criticism, public television often seems to be British television's U.S. channel. This may be comforting for British expatriates and welcomed by some Americans who enjoy the clubbiness explicit in a recent note in the WNET members' magazine note: "If Stuart Wilson who plays Count Vronsky looks familiar you probably remember him as Silius, one of Messalina's many lovers, on I Claudius, and Johann Strauss II in The Strauss Family." They probably do.

Agreement reached on Brazilian steel project

BY DIANA SMITH

RIO DE JANEIRO, March 19.

A MEMORANDUM of agreement has now been signed in Brasilia by representatives of Brazil's steel agency, Siderbras, Japan's Kawasaki steel and the Italian state-controlled Finsider.

This ratifies the joint venture formed in 1976, and decrees that production at their new Tubarao steel works in Espirito Santo state north of Rio de Janeiro will begin on August 1, 1982.

The agreement was signed after two days of intense bargaining over the quotas of semi-finished steel plates to be absorbed by each partner and over sources and terms of financing for the initial investment of $700m. (revised upward during the meetings from $613m.). The total Tubarao budget is $2.6bn.

Because of the difficulties of Japan's steel industry, Kawasaki wanted Siderbras to absorb its full 20 per cent. quota for the first three years of production.

A compromise has now been reached. Siderbras will absorb half of Kawasaki's 20 per cent. quota and half of Finsider's 20 per cent., thus increasing its own quota to 60 per cent. (about 3m. tonnes).

As a rseult of this compromise it now appears that Kawasaki is willing to underwrite the full $700m. initial loan, and has already begun talks with Japanese bankers to this effect. Siderbras and Kawasaki will discuss terms and interest rates in Tokyo next month.

Finsider has already offered a contribution of $200m. with long terms and favourable interest rates but, according to Sr. Wilkie Moreira, the president of Siderbras, this will no longer be needed. It appears that Siderbras prefers financing from a single source.

Iron ore deal signed

BY OUR OWN CORRESPONDENT

RIO DE JANEIRO, March 19.

BRAZIL'S MINERAL conglomerate Companhia Vale do Rio Doce (CVRD) and Japan's Nippon Steel have signed a new contract under which CVRD will supply a total of 85m. tonnes of iron ore over a period of 15 years.

Prices will be re-negotiated every two years until the contract expires. At current prices of $14 a tonne the contract would be worth $1.19bn.

Meanwhile, CVRD has begun negotiating with the Mineral and Metal Corporation of China, and a CVRD mission expects to visit Peking in July this year to complete the negotiations. CVRD hopes to supply part of the 10m. tonnes of iron ore China will need from mid-1980 on when the Shanghai steel mills it is building with the assistance of Nippon Steel go into operation. China apparently wishes to diversify its sources of supply of iron ore.

P.O. wins Libyan order

POST OFFICE efforts to establish closer links with Libya in telecommunications have yielded a new three-year consultancy contract worth £4m.

In the new deal, the Post Office will help the Libyan national telecommunications company to build 1,400 km of open-wire telephone systems along Libya's coast.

The Post Office is working on a £550,000 high-capacity under water link between Tripoli and Benghazi and a £6.75m. contract to help to build a new cable network by the early 1980s.

● Orders totalling £14m. have been received for six Ingersoll-Rand gas turbine-pipeline compressor units to pump Soviet export gas. A consortium consisting of Ingersoll-Rand (I-R) and AEG-Kanis has been awarded an order for four of the I-R units by Pipeline Engineering of Essen for MEGAL, a gas pipeline system composed of German and French interests. An order for two similar units was received from DMV Aktiengesellschaft for the West Austria gas pipeline system.

● United Technologies said its power systems division received a $6m. order from Hong Kong Electric for a 60-megawatt gas turbine powered electric generating station.

● M.E. Boilers said Canadian licensees, Babcock and Wilcox Canada, has received an order in excess of $2m. from Shell Canada Resources for four M.E. coil boilers which will be required for a steam injection plant forming part of an experimental in-situ oil recovery project in the Peace River area of Alberta, Canada.

● The Sri Lanka Government has awarded Perkins Engines a contract to supply 250 marine diesel engines and associated equipment valued at £500,000 as a further step towards the mechanisation of its fishing fleet.

● Asea has said it won a K.300m. order from the Iranian state generation and power transmission company Tavanir for the assembly and supply of three 400 kilovolt electricity sub-stations, due to be in operation by the end of 1979, to feed electricity from Iranian nuclear power plants at Bushir into the country's power transmission system.

● Peabody Holmes has won an order valued at more than £200,000 for the supply of plastic lined steel pipes and fittings placed by Catalytic International for the new PVC manufacturing plant at Wloclawek, Poland.

● Tonnes Force has won a £100,000 order to supply four explosion-proof cranes to a large petrochemical complex in South Korea.

Japanese cars export forecast

TOKYO, March 19.

THE JAPAN Automobile Manufacturers' Association said it expects a 0.4 per cent. rise in Japanese vehicle exports in fiscal 1978 starting next month to 4.58m. from an estimated 4.56m. in the previous fiscal year, when it rose 19.4 per cent.

Domestic demand is expected to rise 2.8 per cent. to 4.27m. from an estimated 4.15m. in fiscal 1977, a fall of 1.3 per cent. over fiscal 1976. Domestic demand will include 50,000 imported vehicles, compared with 41,000 in the previous year, it said.

Reuter

Chemical deficit

MILAN, March 19.

ITALY'S trade balance for chemical products showed a deficit of L666.2bn. in 1977, down substantially from a deficit of L805.7bn. in 1976.

The Italian Statistics Bureau (ISTAT) reported that Italian imports of chemical products amounted to L3,694bn., up 9 per cent., in the considered year. Exports totalled L3,028bn., up 17 per cent. from the year earlier.

Plastic materials, synthetic resins and fertilisers represented the largest share of Italy's imports.

AP-DJ

Holland awaits Iran order for frigates

BY CHARLES BATCHELOR

AMSTERDAM, March 19.

IRAN is "almost certain" to place an order for eight frigates with Holland's largest shipbuilding group, Rijn Schelde Verolme. The order is expected to be placed shortly when the final details have been agreed, Mr. Karel Beyen, State Secretary at the Economics Ministry, said on his return from a visit to Iran.

RSV, and the smaller Dutch yard, Van Der Giessen-de Noord, said earlier this month they were seeking marine orders in Iran. But they described German Press reports that Holland stood to take Fls.2-3bn. of an order worth a total of Fls.10bn., as premature.

The eight frigates are only the first stage of the potential order which could later include other marine vessels, Mr. Beyen said.

There would be no problems involved in the granting of an export licence for the frigates.

The Dutch building group, Bredero, also stands a good chance of signing up a sizeable housing construction contract in Iran. The engineering company VMF-Stork may also get part of an order for small generators and a transmission system to take electricity to the countryside. VMF-Stork has just delivered a sugar beet processing plant to Iran.

Egypt is expected to hold a public tender for modernisation of its telephone network and Philips is expected to put in an offer but competition, in particular from the Swedish group Ericsson (which is already in a strong position in Egypt) will be tough, Mr. Beyen said.

Australia-EEC stalemate

CANBERRA, March 19.

AUSTRALIA has reached a political impasse with the European Economic Community over the Common Market's trade barriers, a senior Government Minister said here.

Mr. Vic Garland, Minister for Special Trade Relations, who recently visited Brussels and other European centres in an attempt to persuade the EEC to open its market to Australian exports, said Australia now had a current account balance of payment deficit with the European Community of $A1.9bn. ($2.2bn.).

"We have reached a political impasse with the EEC and whether we like it or not it has to be dealt with in a political way," he said.

"The European nut has to be cracked from the top. We have to crack the total structure."

Mr. Garland said that when the EEC expanded from six to nine members everyone had acknowledged that Australia needed to seek new markets for its products.

"But nobody in Parliament anticipated the severity of the effects on our trade with the EEC," he said.

"And surely, nobody thought the EEC would compete with us through its heavily subsidised agricultural surpluses in those new markets to which we have turned."

Mr. Garland described as "ominous developments" measures by the EEC that could exclude steel imports except from countries which negotiated an agreement on prices and quotas.

Reuter

Athens bus purchase

Greece to-day bought 300 buses worth $14.5m. from Hungary to meet the public transport needs of the greater Athens area, Our Own Correspondent reports from Athens. The buses will be paid for with Greek products including citrus fruits, juices, textiles, plastics, raisins and iron and steel products. The first 100 buses will be delivered in July, the rest in August.

World Economic Indicators

INDUSTRIAL PRODUCTION 1970=100

					% Change on year
	Feb. '78	Jan. '78	Dec. '77	Feb. '77	
U.S.	132.8	132.2	133.2	127.1	+4.5
	Jan. '78	Dec. '77	Nov. '77	Jan. '77	
U.K.	102.9	102.3	101.4	103.2	−0.3
Italy	122.4	113.2	124.5	126.3	−3.1
W. Germany	109.4	115.6	124.9	106.5	+2.7
	Dec. '77	Nov. '77	Oct. '77	Dec. '76	
Holland	129.0	125.0	126.0	131.0	−1.5
France	123.0	127.0	122.0	125.0	−1.6
	Nov. '77	Oct. '77	Sept. '77	Nov. '76	
Belgium	119.9	117.6	118.1	126.0	−4.8

Appeal on Italian import curbs rejected

LUXEMBOURG, March 19.

THE EUROPEAN Court of Justice has rejected as inadmissible complaints by a number of importers against a Community decision to limit imports of Japanese-made motorcycles to Italy, a spokesman for the court said.

None of the five complainants had been directly and individually concerned and their complaints could have been dealt with only if they had been denied any import licences, the court argued.

The complainants were identified as Unione Nazionale Importatori Commercianti Motoveicoli Esteri (UNICME), IAP Industriale, Yamoto Italia, Suzuki Italia and Kawasaki Motor Italia.

They had called on the court to declare void the import limitation to 18,000 units in 1977 of Japanese-made motorcycles with a motor capacity of over 380 cubic centimeters to Italy, a regulation which the EEC meanwhile decided to continue through the first half of 1978 at the same annual rate.

The import restriction was approved by the Community about a year ago after Japanese importors and distributors allegedly made it difficult for Italian-made skiboots to enter the Japanese market.

In rejecting the complaints as inadmissible the court referred to Article 173 of the Treaty of Rome, stipulating under which conditions natural or legal persons can appeal against a Community decision to the court.

Korea to build new petrochemical plant

SEOUL, March 19.

SOUTH KOREA plans to build its third petrochemical complex, estimated to cost $2bn., with work beginning next year, to meet growing export and domestic needs, the Commerce and Industry Ministry said.

The complex, led by a naphtha cracking centre with an annual production capacity of 350,000 tons in terms of ethylene, is planned to be completed by 1983 at a site yet to be chosen, the Ministry said.

An official said that as in the first and second complexes, foreign investment will be allowed for the third one, although potential foreign investors have yet to emerge.

One existing complex is located at Ulsan, 180 miles south of here and Gulf Oil has invested in a naphtha cracking centre, the core of the complex, with an annual ethylene capacity of 150,000 tons.

The second one, to be built at Yochon, 220 miles south of here, for completion next year at a cost of $1bn., includes a 350,000-ton naphtha cracking centre and a dozen downstream plants.

Dow Chemical and Japan's Mitsui are major foreign investors in the second complex.

AP-DJ

● The Asian development bank has made a $50m. loan to the Korea Development Bank for relending to private industries during the next two years.

President Park Chung-Hee's Government guaranteed the loan, which the ADB said is to augment the KDB's foreign exchange resources so it can meet with the medium- and long-term credit requirements of the ultimate borrowers.

The loan is to be repaid in 15 years, including a three year grace period, at an annual interest rate of 7.65 per cent.

U.S. pact on textiles

SAN FRANCISCO, March 19.

THE U.S. Commerce Secretary, Juanita Kreps, said here that the U.S. and Japan have reached a "satisfactory agreement" that will limit Japan's textile and clothing exports to the U.S. market during 1978.

In Washington, U.S. officials said details of the one-year bilateral textile and apparel trade agreement with Japan, negotiated at recent meetings in Hawaii, will be announced later.

But they said, in general, the accord calls for Japan to limit exports to the U.S. during calendar 1978 to about the same levels, or about 1bn. square yards, as during 1977.

The Commerce Secretary commented on the U.S.-Japan bilateral agreement in a speech before the American Textile Manufacturers Institute (ATMI) in San Francisco, where she told the domestic textile industry group that "If we are going to have to export more — more textiles as well as other goods."

AP-DJ

David Buchan in Brussels reports on the Commission's plans to give the EEC footwear industry some shelter from buffeting trade winds.

A conservationist package

THE BRUSSELS Commission has decided to approach its industrialised trading partners, to try to get them to take down some of their newly erected barriers against European footwear, and its suppliers chiefly in the Far East to go easy on their exports to the Community.

In addition, the Commission earlier this month approved the principle of introducing import licences at the EEC's frontiers to get a speedier and better picture of market developments.

The licensing system, which EEC officials reckon will get the Commission's go-ahead next month and come into force in May, will be automatic. Thus the package of measures is described here as conservationist rather than protectionist.

The measures fall short of the full demands of the industry, which would have liked to see something like the multifibre arangement for their sector, or a resort by the EEC to the blunderbuss of invoking the GATT Article 19 safeguard clause.

At the same time they go too far to please the West Germans, who see import surveillance as the first steps towards protectionism in yet another sector of European industry.

The EEC External Affairs Commissioner, Herr Wilhelm Haferkamp, a German, is still holding up the introduction of import licensing, but the majority of his 12 Commission colleagues, who approved the scheme, expect to start operating it before the end of this month. The Commission can do so on its own authority, without recourse to member states.

In addition to import licensing, the Commission's normal way of getting speedier information on imports, the Commission proposes to approach the big customers for its shoe exports, notably the developed industrialised countries, through the Organisation of Economic Co-operation and Development (OECD) to ask them to lift some of their recent restrictions.

Thirdly, it will ask its big suppliers, Hong Kong, South Korea and Taiwan, not to divert to the EEC market any extra surplus caused by the restrictions imposed outside Europe. Spain, another big supplier, is to be approached within the context of its trade agreement with the EEC, and in particular asked to change its export rebate system, which helps to give Spanish shoes a 40 per cent. competitive price edge over EEC shoes.

The footwear sector is not in quite the same sorry state as EEC shipbuilding, steel or textiles. Although some 68,000 jobs in the EEC have disappeared since 1972, about half of the loss is put down by EEC officials to increases in productivity.

Production capacity in the shoe industry adapts more easily to changes in demand than more capital-intensive and sophisticated industries: it has to, given the sudden fluctuations in shoe fashion. But the location of the industry, often in small towns in less industrialised parts of the EEC, makes alternative jobs hard to come by.

Half the present 325,000 workforce is women and is less mobile, because unemployed wives usually find it harder to persuade their husbands to move than vice versa.

Shoe purchases in the EEC peaked in 1972 at just over 1bn. pairs. Thereafter it has stagnated; not surprisingly, when Europeans buy on average as many as four pairs of shoes a year.

Australia, New Zealand, South Africa and Canada have all, although their tariffs are two to three times (so EEC officials claim) higher than the Community's tariffs, imposed quantity restrictions on shoes.

Brussels officials are worried about what they see as the growing tempo in those measures: in June, 1977 the U.S. reached agreements with Taiwan and South Korea for them to cut back exports to the American market; in December, 1977 Canada imposed general restrictions under GATT Article 19; and in January, 1978, Australia reduced its existing import quotas.

In addition there is the special case of Japan, which the EEC sees as a good potential market. The average Japanese buys only 2.7 pairs of shoes a year, but only one in 50 Japanese wear European shoes.

The high Japanese tariff on shoes (27 per cent. on leather shoes) has always been justified by Tokyo Governments as necessary to protect the interests of the traditional caste of Japanese leather workers. But the EEC says the caste system was outlawed in Japan years ago and it should not fall to the EEC to pay for the Japanese Government's failure to implement social reforms.

A point of friction over the past year has been Japanese restrictions on imports of Italian ski boots, and the EEC Commission has authorised Italy to retaliate against Japanese motorcycle imports into Italy.

The restrictions harm EEC exports and threaten to divert imports into the Community. EEC officials reckon there is now a floating excess of between 50m. and 100m. pairs of shoes, looking for a market because of restrictions taken by the EEC's industrialised partners.

The lower figure is the extent of present cutbacks. Under the first year of self-restraint agreements with the U.S., Taiwanese shoe exports will be 36m. fewer pairs than in 1976 and South Korean exports 11m. pairs fewer. The higher estimate, 100m., is based on production estimates of the Far Eastern shoe producing countries themselves for this year.

Not all member states have suffered equally. Although production fell between 1972-76 very sharply in most member states, particularly the smaller ones (in Belgium by 50 per cent.), Italian production, nearly half of EEC output, rose by 8 per cent.

But even the Italians are getting worried about shrinking export markets. The second stage of the Commission approach will be to examine the structural and regional aspects of the industry.

EEC SHOES INDUSTRY

	1975	1976	1977 Jan./June
Production (in pairs of shoes)	889,581	909,854	440,000
Exports " " " "	137,581	143,435	73,000
Imports " " " "	185,623	231,361	155,000
Purchases " " " "	937,623	997,780	522,000

Source: EEC Commission

SHIPPING REPORT

Chartering activity up

BY LYNTON McLAIN

IT IS IRONIC for the world's shipping fleets that the break-up of the Amoco Cadiz off Brest on Friday, came as tanker chartering activity picked up for the first time for months.

Rates changed little over the past week against the previous seven days. But brokers were pleased to note an increase in the numbers of large fixtures, with five very large crude carriers fixed for loading in the Gulf. Two of the vessels were for Japanese oil companies, the first such fixtures for Japan for many months. The five VLCC fixtures follow the pattern of last week, when six were noted.

Business has also been brisker for the smaller tankers, but owners remain worried about the desparate levels of business in view of the continued sluggishness in world trade.

Brokers Galbraith Wrightson put the matter succinctly last week, by saying that charterers remain firmly in control. Inquirers had increased "modestly" during the week, but this may have been a reflection of the traditional pre-Easter holiday activity.

The VLCC orders in the Gulf stimulated thoughts that rates may have been held to Worldscale 20. In reality one U.S. oil company concluded tonnage at Worldscale 19.5. Other charterers followed, pushing the rate to 19.25. E. A. Gibson, shipbrokers described such rates as "disastrous."

Even the smaller tonnage, which could be expected to be chartered for topping-up operations, now faced a rate of Worldscale 23 for charters from the Gulf to the West.

Scrapping of older vessels continues to increase, with a forecast from Edgar Forrester, sales agents, that scores of laid-up ships will probably never sail for trading again. Korean Breakers emerged last week as the market leaders in the Far East, with several large lightweight turbine tankers averaging prices of $106.25 per ton, double European rates.

With such high levels prevailing, several major oil companies placed a considerable quantity of tonnage on the market.

European buyers reported a quiet week, with only the Spanish purchasing a few vessels at between $55 and $57 per lightweight ton.

Labour confident of holding Scottish seat

By Ray Perman, Scottish Correspondent

THE LABOUR Party in Scotland ended its annual conference in Dunoon yesterday in subdued mood, but confident of holding the Garscadden constituency, where a crucial by-election is due next month.

Mr. Michael Foot, Lord President, is expected to move the writ for the election to-day, with polling expected on April 13, two days after the Budget.

Until recently party officials in Scotland were sceptical of the chances of holding off the challenge from the Scottish National Party in the campaign.

They now feel confidence in the Government's policies for reducing inflation and tackling unemployment will be enough to ensure victory.

Although some resolutions critical of the Government were passed by the conference—against executive advice—it was clear delegates were aware of the need to preserve unity while the campaign was in progress.

This was particularly clear in the major debates of the conference on devolution and the economy.

Demands

There were demands for the nationalisation of all companies threatening redundancies and for a £100m. shipbuilding intervention fund to be established with the compensation money due to be paid to the former owners of yards.

But militants were muted in their attacks. An attempt to gain a debate on the Cabinet decision to defer investment proposals in the steel industry failed, in spite of the importance of the industry to Scotland and the fact that the Government is due to make an announcement on the subject on Wednesday.

The Prime Minister, who addressed the conference on Saturday, was heard politely but quietly. He dwelt at length on the problems caused by the world recession and increasing competition for U.K. exports. His speech disappointed some delegates, who had expected more electioneering.

Mr. Callaghan gave no hint on the timing of the devolution referendum, but implied that he did not regard an October general election as certain by saying that he was looking at the legislative programme for the session of Parliament beginning in November.

Mr. Donald Dewar, Labour's candidate at Garscadden, topped the voting for the Scottish Party executive. The Marxists failed in their attempt to gain seats and two left-wing members of last year's executive lost their places to moderates.

Mrs. Janey Buchan, 51, wife of Mr. Norman Buchan, the Left-wing MP for West Renfrewshire, is the new Party chairman. Mr. Sam Gooding of the Transport and General Workers' Union has been elected vice-chairman.

Men and Matters, Page 12

Electricity bad debts up to £5m.

Financial Times Reporter

BAD DEBTS were rising three-times faster than revenue, the London Electricity Board said at the weekend, when announcing a £2 increase in quarterly bills for home electricity.

Bad debts rose from £2m. to £5m. in 1977-78 and were now one of the most worrying aspects of the Board's financial situation, Mr. Alan Plumpton, chairman, said.

Since the early 1970s, bad debts had risen ten-fold compared with tripled sales revenue, and the Board blamed the jump on higher fuel costs, and the floating population.

The average cost of electricity will go up by 6.4 per cent. in line with the average increases for Britain, announced recently, of 5 per cent. The first bills at new rates for quarterly consumers, who will pay 6.9 per cent. more, will go out from July.

Basic prices for off-peak and night rates will be unchanged. Charges could have risen by far more under Price Code rules, but they had been kept down to benefit the consumer, the Board said.

Shore threatens new cut in home funds

FINANCIAL TIMES REPORTER

MR. PETER SHORE, the Environment Secretary, said yesterday that he would consider a further restriction of funds for home loans if the rise in house prices did not moderate over the next few months.

Mr. Shore said during London Weekend Television's London Programme, that the recently-announced 10 per cent. cut in mortgage programmes had been necessary to prevent a boom in house prices.

"As far as I'm concerned, the key is the supply of building society money. That is why we have set up a joint committee to regulate or supervise the flow of building society money, so that on the one hand, we do not have a famine as in 1974, or an enormous quantity of money which can only result in too much building society money chasing too few houses, and pushing their prices up."

If the Government's move to restrain the flow of funds proved ineffective, he would have to take further measures.

"My own instinct would be to act further on the supply of money, because 70 per cent. of all houses are bought in this country with borrowed money from building societies. If the building societies are not making the money available, there cannot be an explosion of prices."

Although a moderate rise in house prices of about 12 per cent. in the year, was acceptable, an inflationary psychology developing in the market was not.

"People are holding back their houses from the market because they have this inflationary expectation. They presumably thought we would just stand by and let increased prices carry on, and the money supply would rise to the level that prices required.

"But now they know that that is not going to happen. And I think that is going to effect quite severely and properly their expectations."

A reduction in mortgage funds would not result in a cut in new house-building programmes. "I don't believe that any study in the last ten years really shows that there is any correlation between rising house prices generally and the number of new houses being built."

During the 1960s, when the largest number of houses was being built, prices were rising at only 6 to 7 per cent. a year.

"The latest figure we have shows that new starts are increasing. Indeed, they are well up on what they were this time last year."

Shortage of sites would not be a bottleneck to new building either. "All the evidence we have shows that there is about five to six years' supply of building land with planning permission available now."

Earlier this month, the building societies bowed to Government pressure by agreeing to cut £70m. a month from their lending programme. This cut, which starts next month, is the equivalent of 1,400 home loans a week.

Insurance companies and banks have been asked to ensure that their lending programmes do not frustrate the aim of restraining the funds available.

The building societies recently agreed with the Government on a lending programme of £730m. for the first half of the year. Most societies opposed the Government's suggested cut in this programme, but they have agreed to go along with the move. The £70m. a month reduction will run until the end of June.

Employers waiting till deadline to quit State pension scheme

BY ERIC SHORT

EMPLOYERS ARE leaving it to the last minute before making arrangements to get out of the new State pension scheme.

The Occupational Pensions Board has reported more than 3,000 applications last week from employers to contract-out of the scheme, bringing the total number of applications to date to 13,400.

The dead-line for applications is this Thursday and the Board expect about 16,000 employers to opt out of the State scheme. It would appear likely that a further flood of applications will occur in this final week.

The Social Security Pensions Act, 1975 sets out the terms of the new State pension scheme which starts on April 6 this year.

This provides for an additional earnings-related pension to the present basic flat rate one.

The National Insurance contribution rates, excluding the surcharge, are being increased from 14½ per cent. to 16½ per cent.—6½ per cent. for employees and 10 per cent. for employers.

But employers have the option to come out of the State scheme and provide this additional pension through a company scheme, getting a 7 per cent. rebate on N.I. contributions—2½ per cent. for employees and 4½ per cent. for employers.

Contributions

But they must submit their applications by March 23 to pay these lower contributions from April 6.

Otherwise, employers will have to pay the higher rate, not only on their own contributions but possibly on their employees' as well.

This will be in addition to paying for the company pension scheme.

Employers failing to meet this coming deadline will ultimately be repaid these extra contributions, but only after a long time and much administrative work.

So far, the Board has issued only 5,700 contracted-out certificates, so it has nearly 8,000 applications still to process.

Employers are reminded that they must submit their applications under the emergency procedures laid down by the Board and send in the necessary certificates from both the employer and the actuary.

The latest figures of the actual number of employees who have been taken out of the State scheme by their employers relates to March 9 when the Board had issued 4,800 certificates covering 2.88m. employees.

The Government Actuary has forecast that about 9m. employees will ultimately be contracted-out.

State steel management 'behind private sector'

BY ROY HODSON

THE CLAIM that the British Steel Corporation has been "out-managed" by the private sector of the British Steel industry is made in a new survey published by Inter Company Comparison.

An analysis of 60 of the leading private sector steel companies over a three-year period to last April concludes: "British Steel's performance was markedly worse than that of the private sector."

While the corporation had made losses of nearly £380m. in the three years, nearly all the private sector steelmakers were in profit.

British Steel had also been out-managed in areas such as stock turnover (half that of the private companies) and capital utilisation (also only half that of the private companies).

The total value of sales by the 60 companies increased by 35 per cent. in the three years. But the conclusion is drawn that the price increases in the period were not sufficient to maintain profitability. Pre-tax profits fell, on average, by 24 per cent.

Inter Company Comparison says that the 10 most profitable British steelmaking companies in the three years were: Brymbo Steel Works, A. E. Godrich and Son, Firsteel, Hillfoot Steel (Forgers), Midland Bright Group, Darlington and Simpson Rolling Mills, Bruntons (Musselburgh), L. A. Hutton and Company, The District Iron and Steel Company, and GKN Somerset Wire.

Home committee backs PR system for Lords

BY PHILIP RAWSTORNE

CONSERVATIVE proposals for reform of the House of Lords to be published today are expected to suggest that a high proportion of the members of the Second Chamber should be elected by proportional representation.

A party committee under Lord Home says in a report to Mrs. Margaret Thatcher that the remaining members should be nominated by the Crown on the advice of the Prime Minister after consultation with a special committee of Privy Councillors.

In spite of the Tory leader's hostility towards a proportional representation voting system, the committee stresses its "strong preference" for this option.

Lord Home's report recognises that the arguments are finely drawn and that much debate will be needed within the party before a final choice can be made.

The committee is understood to be urging Mrs. Thatcher to include proposals for Lords reform in the programme of the next Conservative Government.

There is growing thought within the Conservative Party that the present composition of the Upper House is indefensible. The Labour Party is moving strongly towards abolition and the Conservatives feel this could lead to dangers of "elective dictatorship."

Joint coach express plan for Europe

NATIONAL TRAVEL, the nationalised coaching company with the largest vehicle "pool," and Wallace Arnold Tours, Leeds, the largest private enterprise operator, have agreed to develop jointly international express coach services to France, Italy and Spain.

They say this will help the travelling public, clarify the U.K. position with foreign interests, and assist rationalisation of marketing and elimination of unauthorised services.

National Travel has run express services in Europe since 1973 in association with the Europabus organisation, to Amsterdam, Paris, Brussels, Belgrade and Athens.

Wallace Arnold Tours has run a through-service from London to Paris, Lyons, Genoa, Turin, Florence and Rome since last April in collaboration with French and Italian coach-operators.

In 1977 the frequency on this route was once a week. A frequency of three times a week is planned for this year.

Both bodies have received Government approval to seek authorisation for additional, differing routes to Brindisi.

Mr. Malcolm Barr, chairman of Barr and Wallace Arnold Trust, and Mr. Frank Poinlon, chairman of National Travel, say they hope to extend the scheme to other European countries.

Mine to close

THE METAL BRIDGE drift mine at West Cornforth, Co. Durham, is to close in the summer because of limited coal reserves. Some of the 370 workers will be offered jobs at other collieries.

Companies given loans totalling £570,000

By Robin Reeves, Welsh Correspondent

THE WELSH Development Agency has announced aid to six companies totalling £569,000. This brings the agency's assistance to Welsh businesses to almost £7m.

The latest aid package is expected to create 200 jobs.

A loan of £174,000 for Gwent Packaging will help it to expand into making heavy duty cardboard containers at Bedwas.

Tecweld of Brynmawr, which makes and repairs lock gates, is getting an expansion loan of £95,000 towards the cost of fabricating shop and Ethelene Products of Rhymney, a loan of £100,000 towards the cost of equipment for making wide polythene sheeting.

Machinery

The Cwmbran toothbrush factory of Libra Products will receive a loan of £50,000 for machinery and working capital to make multi-tuft toothbrushes for an American group's U.K. and Belgian subsidiaries.

In rural Wales, Chanter Carpets is being given a £100,000 loan to expand production of tufted carpets at Newtown, Powys. Lampeter Timber and Trading, a Dyfed sawmilling business, is increasing its output of wooden pallets for industry with the aid of a £50,000 loan.

Testing unit at Leyland

By Stuart Alexander

A £7.8M. computerised diesel engine testing facility will be unveiled by Mr. Michael Edwardes, chairman of British Leyland, at the Leyland, Lancashire, headquarters of the truck and bus division.

Every diesel engine produced at Leyland will be tested, using a programmed test schedule linked to electronic control panels.

The facility is part of a £134m. investment programme in the truck and bus division which, with tractor division, has been renamed Leyland Vehicles. In addition to a new assembly hall, engineering centre and test track at Leyland, the parts division at Chorley has been expanded and £50m. will be spent at the two Scottish plants.

Bank visitor

MR. ALKHIMOV, chairman of the Russian State Bank, flew to London at the weekend for a short visit at the invitation of the Bank of England. It is an exchange visit for the trip to Moscow last May by Mr. Gordon Richardson, Governor of the Bank of England.

Cheap U.S. fares plan makes a good start

BY JAMES McDONALD

AIRLINES yesterday reported an encouraging start to the introduction on Saturday of the cheaper stand-by fares between Britain and the U.S.

British Airways said there was no flood of applications, probably because of the short notice given to the public and because this was not the peak travelling season.

But it sold about 300 cheap stand-by tickets on Saturday and Sunday on its flights to New York, Boston and Detroit. Under the scheme British Airways is limited to about 1,000 stand-by tickets a week on the New York route, and to 350 tickets on other routes.

"The response has been quite up to our expectations."

By yesterday afternoon Pan American had received about 170 applications for stand-by tickets for its flights to New York at the week-end. Only about six tickets were sold for each of Boston, Detroit and Washington and about 15 for the West Coast of the U.S.

British Caledonian Airways said: "We are quite happy at the start of the scheme." It is offering stand-by fares between London and Houston. "Out of three flights, two out to Houston and one back to London, we sold 25 stand-by seats out of 30-40 seats available."

The cheaper fares—instigated by Mr. Freddie Laker's Skytrain project—were approved by President Carter last week against the wishes of the British Government, which feared fare cutting could lead to the bankruptcy of some airlines.

Stand-by fares offered by British Airways from eight U.S. cities to London range from $143 from Boston to $227 from Los Angeles and San Francisco. Sterling fares from London are slightly less.

The British Airways routes cover New York, Washington, Philadelphia, Boston, Detroit, Chicago, Los Angeles and San Francisco.

On a cost-per-mile basis the cheapest stand-by fare seems to be offered by British Caledonian—a £69 "eleventh hour" fare from London to Houston.

Borg Warner subsidiary 'about breaking even'

BY TERRY DODSWORTH, MOTOR INDUSTRY CORRESPONDENT

BORG WARNER'S U.K. transmission company is now "just about breaking even" again after a difficult time since the oil crisis, according to Mr. Russell Bearss, managing director.

The U.K. company, a subsidiary of the U.S.-based Borg Warner group, was hit hard by the oil crisis which led to a drop in demand for automatic transmissions.

Its workforce, now standing at 2,100 was trimmed by almost 400 during 1975-76, and the company's two plants at Letchworth, Herts, and Kenfig, South Wales, are now operating at only about 55 per cent. capacity.

"We stubbed our toe in Europe because we built facilities beyond the scope of the market," Mr. Bearss said.

The company's strategy in the immediate future is to diversify from its main automatic transmissions business into related fields, such as four-wheel drive mechanisms.

In the longer term, it believes it is well placed to take advantage of the trend towards electronically-controlled transmissions.

Mr. Derek Gardner, the company's engineering director, and the designer responsible for the six-wheel concept in Grand Prix racing, says that the increasingly stringent statutory requirements on pollution and energy saving will demand electronically-controlled cars.

These controls would operate through a micro-processor "which will control the operation of the engine by determining its fuel requirements.

"These developments, which are necessary to maximise engine efficiency, will supersede the requirement for manual gear-changing."

Porsche Cars doubles turnover

Financial Times Reporter

PORSCHE Cars Great Britain, the importing agency for the German sports car maker, more than doubled turnover from £4.3m. to £9.3m. in the financial year ending February.

The company sold 1,068 cars in this period, which included the launch of the 2-litre 924 model. Sales are likely to be boosted this year by the addition of the 928 model.

● BMW will increase its U.K. prices by about 5 per cent. The recent strength of the D-mark is blamed.

● Swan National has placed orders worth £24m. for its car rental fleet for 1978. Ford takes the bulk of the 7,500 vehicles with orders for £20m., with £3m. for Vauxhall and £1.5m. for British Leyland.

National Savings receipts drop

By Adrienne Gleeson

NATIONAL Savings continued to do well in the four weeks to the beginning of March—but not quite as well as in the preceding five-week period. Net receipts dropped from the "excellent" £194.7m. to £116.6m., suggesting that the recent small increase in retail sales has started to bite into savings.

It was the National Savings Bank's receipts which dipped most noticeably, adjusted to a comparable basis. Net receipts in the ordinary department, which amounted to £28.7m. over the five weeks to the beginning of February, amounted to £19.8m. in the four weeks to the beginning of March and receipts of the investment department dipped from £47.4m. to £30.8m. Receipts of the ordinary department were still the second highest over such a period.

The National Savings Bank's performance for the year so far in fact looks remarkably healthy, with net receipts of the investment department totalling £750.6m., while those of the ordinary department amounted to £74.1m. At the corresponding point last year there had been withdrawals of £14.9m. and £57.4m. respectively.

Longer term savings have continued to do well, with the amount invested in British Savings Bonds up by £14.0m. during the month, while £97.3m. was put into National Savings Certificate issues—other than the index-linked retirement issue, where net receipts amounted to £11.2m. The fact that inflation is into single figures evidently has not deterred investors from this index-linked purchase.

Taking in accrued interest, the amount invested in National Savings increased by £152.3m. during the four-week period, bringing the total for the year so far to £1.75bn., compared with the £7.87bn. invested in National Savings at the beginning of March 1977, this year there was £9.91bn.

Shoe deliveries increase to 15.2m. pairs

By James McDonald

SHOE manufacturers delivered 15.2m. pairs during November last year, 4.1 per cent. more than in the same month of 1976. In the 12 months to the end of November, deliveries rose 5.2 per cent. at 164.1m. pairs.

The value of deliveries in November was £57m., 27.2 per cent. up on the November, 1976, figure, and the 12-month running total was 25 per cent. higher than in the previous 12 months, at £581.7m.

Tanker-owners seeking consortium

BY IAN HARGREAVES, SHIPPING CORRESPONDENT

THE WORLD'S independent oil-tanker-owners hope to announce shortly formation of what they call an orderly marketing consortium, by which they mean a device to reduce tonnage artificially in certain markets, and so push up freight rates.

Plans are going ahead for establishment, probably in Holland, of a tanker-chartering company called International Tanker Services.

This company, to be run by a committee of shipowners, would aim to charter about 40m. deadweight tonnes of tankers over 200,000 d.w.t. from owners in Japan, Greece, Hongkong and Scandinavia, and release such vessels only when the market was prepared to pay a rate deemed fair by the owners.

This would, the owners hope, eliminate the queues of very large crude carriers anchored in the Persian Gulf in the hope of receiving spot cargo. It is the presence of such queues, about 6m. d.w.t. in all, that plays most heavily into the oil companies' hands in beating down rates.

Scandinavian owners have sought support for the International Tanker Services concept for about a year, but according to reliable sources at last week's conference of independent tanker owners at Eastbourne, owners in Japan, Hongkong and Greece have indicated support in principle.

About 30m. d.w.t. of tanker capacity is already firmly committed to the scheme by Scandinavian owners, and support from companies like Japan Line, Sanko, NYK, Niarchos and Onassis would give the scheme the volume of tonnage it needs to influence the market significantly for large ships.

Mr. Erling Naess, chairman of the tanker owners' group Intertanko, which has given unofficial backing to the scheme, said he believed International Tanker Services would soon become a reality.

There was no question, he insisted, of owners attempting to push rates back to the boom levels of 1973.

Leaders of the proposed company's steering group have spent the last three weeks touring the Far East in search of support.

They say their aim is to lift rates for VLCCs out of the Gulf from around Worldscale 20 to Worldscale 30, thus at least allowing owners to cover operating, though not capital, costs.

Intertanko estimates that last year tanker-owners lost $450m. collectively. This is expected to rise to $750m. this year.

Mr. Naess said that unless some way could be found of raising freight rates in the near future, all but a handful of the largest tanker owners would go bankrupt. Alternatively Governments might choose to shore them up in the way that the Norwegian Government had already supported its shipowners.

The Japanese Diet is expected to give final approval soon to a measure to soak excess tanker tonnage by using initially 20 VLCCs as stationary storage units to be operational by May.

Owners are encouraged by the unaccustomed solidarity emerging among them under pressure of desperate financial conditions, but a large question mark remains over the proposed company's succeeding.

Much will depend on American oil companies, initially on the independents who are most active in the spot oil markets. Apart from a basic anti-trust suspicion about what is manifestly a market-rigging device, the companies must still decide whether they will pay more for their transport.

All the oil companies retain the ability simply to speed their own fleets to reduce their need for chartered-in tonnage, and so re-introduce slack capacity to the market.

Technical Page

EDITED BY ARTHUR BENNETT AND TED SCHOETERS

● COMMUNICATIONS

Makes a quick link

VIA Teletronics of London, National Panasonic is making available in the U.K. a loud-speaking intercommunication system which will allow up to 11 stations to be connected in a wide variety of ways.

There are five different types of unit-masters that can be connected to either five or ten other masters, a remote or "slave" unit that can be connected to only one master, a slave that can call or be called by two masters, and a system power supply unit.

Thus, a suitable arrangement for a supermarket might be for the five check-out till operators to have slaves linked to chief cashier's master.

Or, in a busy professional practice, six partners might want a fully intercommunicating system so that each can call or be called by all the other five.

Alternatively in, say, a factory, it could be arranged that all the managers could speak to each other, while each could talk to one or more of his own staff.

More from 9 Connaught Street, London, W2 (01-723 7443).

● INSTRUMENTS

Finds the frequencies

DEVELOPED and manufactured by Sharetree of Stroud, Gloucestershire, is a spectrum analyser covering the high frequency communications band up to 50 MHz.

Containing no frills, the model 477 is simple enough to be used by semi-skilled operators but is nonetheless built to good laboratory standards.

Centre frequency is adjustable between zero and 50 MHz and dispersion is selected by means of a six position rotary switch offering values between 100 kHz and 10 MHz. The sweep speed is continuously variable over two decades (20 ms to 10 s), allowing optimisation of the sweep speed for dispersion and resolution.

The instrument is able to compare two similar input signals, enabling the instrument to be used for calibration purposes. Displays appear on a 100 mm cathode ray tube coated with P7 long persistence phosphor. Sensitivity is 10 mV for peak deflection; a 0 to 59 dB attenuator, variable in 1 dB steps, yields a maximum signal handling capacity of 10 V.

More from 70 Westward Road, Stroud, Gloucs. GL5 4JA (04536 2006).

● DATA PROCESSING

Laces stretch to Gatwick

BY THE autumn Gatwick Airport should be tied in with Laces—the London Airport computer scheme that cuts clearance time for imports at Heathrow to a matter of hours.

Laces—London airport cargo electronic-data processing scheme—is used by 200 separate organisations involved in handling cargo landed at Heathrow. It operates 24 hours a day, seven days a week and is run by the PO's National Data Processing Service.

Operating Laces at Gatwick is expected to involve 10 visual display units, 10 character printers and a communications controller at the airport. The controller governs the access of VDUs to the Laces computer.

The service will be provided to Customs and Excise, two airlines — British Airways and British Caledonian Airways—who are already Laces users at Heathrow, and other airlines and forwarding agents.

Maths suite from Scicon

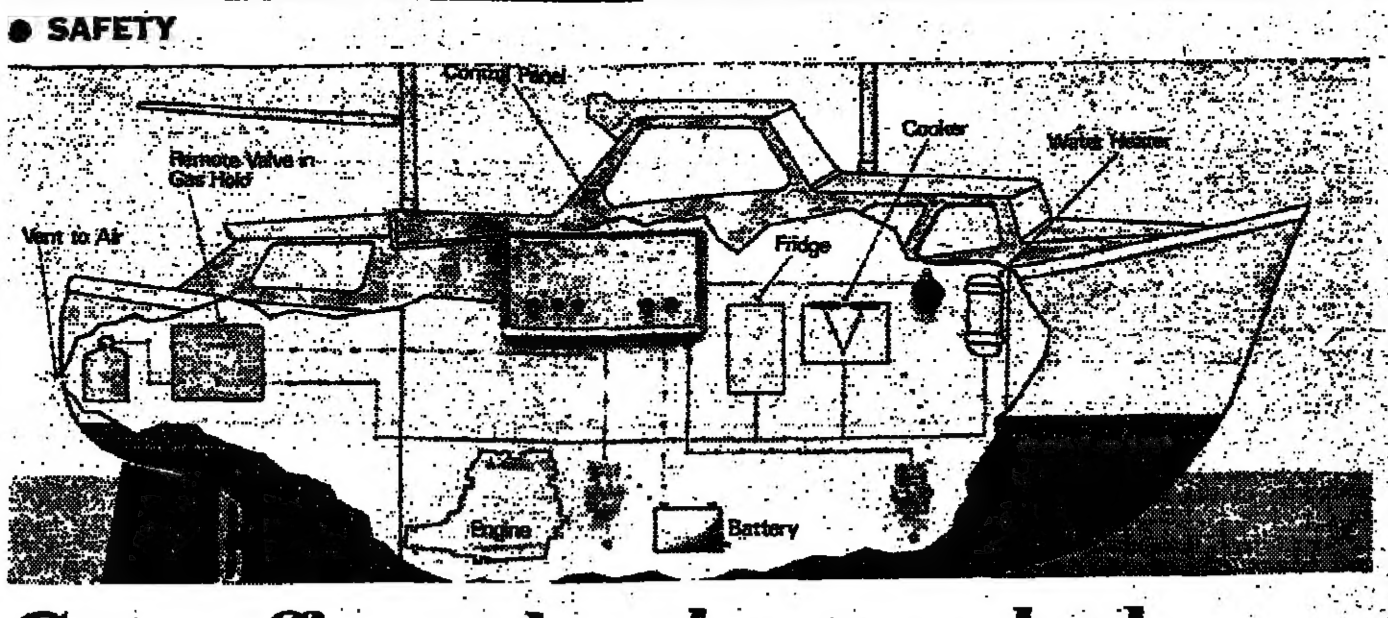
A LIBRARY of numerical optimisation software developed by the National Physical Laboratory is to be offered by Scicon Computer Services under a recently signed agreement.

Typical of the programs is the minimisation of a function with one variable, and the computation of unconstrained non-linear least squares. These and other programs can be used for problem solving from medicine to financial assessment.

Scicon will run the routines on its twin Univac 1108 machines at the Milton Keynes computer centre.

More from Brick Close, Kiln Farm, Milton Keynes MK11 3EJ (0908 565656).

● SAFETY



Cuts off supply when gas leaks

DETECTION equipment for boats, lorries and caravans, designed and made by a British company, not only warns of gas and cuts off the supply at source but is also the first system of its type to be certified as intrinsically safe by the British Approval Service for Electrical Equipment in Flammable Atmospheres (BASEEFA).

Gas Sentry Mark 3 is built up from a control box connected to sensors mounted in the potentially dangerous areas and a remote shut-off valve inserted into the gas supply pipe at, or near, source.

As little as 2 per cent. of a flammable gas mixed with air is a potentially explosive mixture. It is, therefore, tiny leaks which can be the most lethal since they are hardest to detect, and yet need the smallest spark to trigger off an explosion.

The instrument will detect minute quantities of hydrocarbons in the air, including methane, propane, butane and carbon monoxide. Sensitivity can be adjusted to detect concentrations as low as 0.3 per cent. although 0.5 per cent. is the more usual requirement.

The sensors incorporate semiconductor devices which, when flammable gases are present in the surrounding atmosphere, rapidly increase in conductivity triggering the audible and visual alarm and automatically shutting the remote valve. Additionally, potentially dangerous electrical circuits can be isolated by the remote control unit.

Regulation of the voltage and limitation of the current to the sensors prevents heat build-up and the production of a spark (which could occur in unsafe equipment).

At a time when compressed gas is increasingly being used on boats and when chartering is becoming big business on inland waterways the installation of such a system makes economic good sense.

Sweden will shortly insist that gas detection systems should be intrinsically safe as does the United Kingdom fishing industry. Gas Sentry Mark 3 is approved by the Department of Trade for use on fishing vessels, large motor cruisers and yachts.

More from Gondolastic, Birlingham, Pershore, Worcs. WR10 1BR. Evesham (0386) 750732.

For safer loading

AN advanced sea-going intrinsically safe control system has been developed by Safety Technology of Feltham and is to be fitted to a large chemical tanker now being built by NKK shipyards in Japan for a Norwegian owner.

The system controls and monitors a series of solenoid valves which control larger hydraulic valves during loading and discharging of the cargo. Intrinsically safe for group 2B gases, the system makes use of a General Instruments CP 1600 microprocessor which, in view of the low signal levels employed allows multiplexing to be applied in hazardous areas.

Sensors at valve points send signals to a common conditioning unit where they are multiplexed and sent back to the control room via opto-isolators and simple cabling. Here they are identified and displayed and control signals are sent back to the hazardous area in the same way.

The company is working on similar systems for use in other kinds of hazardous environment.

More from Twickenham Road, Feltham, Middlesex TW13 6HA (01-894 5511).

● TEXTILES

New raw materials prospect

TRADITIONALLY, textile machinery has had to be designed for cotton or wool-type fibres and the length of these fibres has, to a great extent, influenced machinery and its processing parameters.

With the synthetics, fibres can be of any length. Thus, the trade looks as though it will eventually develop a completely new mid-fibre system in which the raw material will be longer than cotton fibre and shorter than most wools.

One key stage in this is the conversion of continuous filament tow into staple fibres suitable for spinning on the various systems. Seydel and Company (British agent Allertex, Lower Paradise Street, Bradford BD1 2HP. Tel. 0274 23783) has, for a considerable time, been building stretch-break converters that are able to stretch a thick tow of say 250 grams/metre, into staple fibre lengths suitable for woollen or worsted spinning.

The company is introducing a machine, the model 770, that will be able to process tows and reduce them to staple lengths suitable for cotton spinning. In the past, one of the major problems of converting tow to a short staple fibre by the stretch-break route has been that only small diameter rollers could be used with centres no further apart than the length of the fibre they are to convert.

While this is still a limitation, improvements in machines have been made and throughput rates very much increased. In a machine likely to be introduced later this year, Seydel will add to the delivery end of the short staple machine a roller drafting system.

This will enable the tow-to-sliver converter to develop completely new raw materials that will be ideal not merely for the classical ring spinners of cotton-type yarns, but also the rapidly developing spinners who use the new open-end technology based on rotors rather than the more limiting ring and travellers.

● MATERIALS

Fast-set adhesives

THREE MORE cyanacrylates have been added to the Agomet range made by Degussa. These solvent-free fast-setting adhesives polymerise under the catalytic influence of moisture on parts to be bonded, and reach working strength almost immediately.

The three versions are intended for bonding metals and ceramics; plastics; and elastomers. Main application is for mounting small and fragile components, in the electronics, optics and instrument industries.

The low viscosity adhesives are supplied in 10 and 50 gram dropper bottles. More from the maker—Postfach 2644, D-6000 Frankfurt 1, West Germany.

● TELEVISION

Electronic colour camera

STEALING a march on RCA, among others, Sony Corporation has announced in Tokyo the development of a small-size colour video camera, based on new very large scale charge coupled device technology.

The charge-coupled device (CCD) contains about 110,000 elements on a single chip, and serves as the image sensor for the camera in place of a traditional pick-up tube.

The CCD camera is capable of producing a picture quality close to ideal, and provides reliability and stability far greater than current pick-up tube cameras, with camera size and weight reduced to that of an 8mm unit, and picture quality that of current top range video cameras.

The new CCD chip measures 10.3mm by 9.1mm, with each element 36 microns by 13 microns, arranged in a matrix of 226 horizontal elements by 492 vertical elements, for a total of 111,192 picture elements.

The camera contains three chips, one for each colour and uses Sony's proprietary spatial offsetting technique, which allows a doubling of horizontal resolution.

The Sony Corporation says this is a development to prove the technology and that it has no plans to market the product at the moment.

● PRINTING

Continuous litho plates

DIRECT IMAGE offset litho plates in continuous form are now available. The plates are said to be ideal for the computer user who requires multiple copies of computer based information and has access to a small offset machine.

The direct image plate replaces the multi-part continuous stationery in the line-printer on the computer. The single part plates may be plain or pre-printed, and the pre-printed image may be either reproducible or non-reproducible. A planographic coating on the plate prevents unwanted fingerprints or accidental marking.

It is claimed the printed result compares favourably with original line printing, and is better than fourth copy print-out or photo-copies. On the line printer is is necessary to change to a litho ink ribbon, which can also be used for general output.

There are four grades of plate producing a guaranteed minimum output ranging from 50 to 1,000 copies. The sizes available will fit most print-out formats and small offset machines.

More from Darley Business Forms, Wellington Road, Burton-on-Trent, Staffs., DE14 2AD. (0283 64936).

● ELECTRONICS

Plotter is fastest

BENSON ELECTRONICS, now making a drive in Britain, will be present at all four locations of the Computermarket 1978 Exhibition in April and will be showing a selection of its automated drafting machines.

Benson, which build over 30 varieties of flat bed and drum plotters will be showing the 1330 high-speed drum plotter, fastest in its range with a speed of up to 45 cms/sec.

The 1302 incorporates intelligence to handle both linear interpolation and character generation which has dramatically reduced the processing demands on the host computer during drafting applications.

Driven by magnetic type-units, the plotters will be demonstrating their capabilities using programs devised by some of Benson's customers in the U.K. These will include drawings on the multi-million pound project for the new University of Riyadh in Saudi Arabia which were originally drawn on a Benson 1320 plotter integrated into an interactive architectural drawing system designed and used by the Architectural Partnership of Gollins, Melvin and Ward; isometric drawings of pipe layouts in a refinery designed by ICI and drawings for a process plant design from Wimpey.

Benson Electronics, based in Bristol, is the U.K. subsidiary of Benson S.A., one of the world's leaders in the development and manufacture of automated drafting machines.

Further from Benson on 0272 290651.

CONTRACTS AND TENDERS

Java Road Betterment Project

PHASE 1
PREQUALIFICATION OF CONSTRUCTION CONTRACTORS

No. 01 / BM - Bang / 1978

The Ministry of Public Works and Electric Power of the Republic of Indonesia gives notice on the improvement and paving of a network of selected provincial and district roads in Central and East Java. The network consists of eight selected road sections with a total length of 180.8 km and replacement of 24 bridges with a total length of 778 m. The Project is divided into four contracts (A B C and D) as detailed in the Prequalification Documents.

Application from contractors, either in their own name or as a Joint Operation who wish to participate in this Construction will be received at the address listed below. Interested contractors shall be nationals of member countries of the Asian Development Bank who have proven experience and capability in this field may apply for prequalification. Further details of eligibility are attached to the Prequalification Documents.

International and Indonesian contractors are encouraged to form Joint Venture and make maximum use of local suppliers in the interest of developing in-country construction capability.

A Contractor to prequalify must have identifiable senior project field supervision personnel with at least 10 years experience in modern road and bridge construction or, failing this, they must be in a Joint Operation or Joint Venture or have a management contract with a contractor who can name and supply such personnel.

Contractors who have formed Joint-Operation, Joint-Venture and or management contract with other contractors are required to submit a copy of their association agreement which should include also a statement of their sharing of capital, together with the Prequalification Document.

Contractors expressing intent to do so are required to mail a copy of the agreement when completed to the address listed hereunder.

The Project intended for tender comprises highway construction, including construction on existing and new alignments, consisting of earthwork, drainage structure, bridges, pavement and ancillary work.

The work for which prequalification is invited at this time is expected to be called for tender in June 1978.

Prequalification Documents completed in the English language will be received not later than April 15, 1978.

Prequalification Documents may be obtained from the Government of Indonesia at the following address:

Directorate General of Highways, Room no. 15
Ministry of Public Works and Electric Power
Jalan Pattimura no. 20 - Kebayoran Baru
P.O. Box 181 Kby.
Jakarta, Indonesia.

Jakarta, February 1, 1978

MINISTRY OF PUBLIC WORKS AND ELECTRIC POWER
DIRECTORATE GENERAL OF HIGHWAYS

REPUBLIC OF GHANA
VOLTA RIVER AUTHORITY

The Volta River Authority invites qualified and experienced firms to apply for tender documents for the following contracts:

TRANSMISSION LINE - PROJECT N. 1

This contract will comprise the design, supply and erection of a 161kv double circuit transmission line approximately 26km long from Volta switchyard to Achimota substation including the expansion of the two terminal stations.

CONDENSERS - PROJECT N. 2

This contract will comprise the design, manufacture, delivery and erection of a 25 MV Ar Static Condenser, in the Kumasi station and a 25 MV Ar Synchronous Condenser in the Prestea station.

TRANSMISSION LINE - PROJECT N. 3

This contract will comprise the design, supply and erection of a 161kv single circuit transmission line approximately 63 km long from Dunkwa substation to Asawinso new substation including the expansion of Dunkwa and the construction of Asawinso new substation.

It is anticipated that the Tender Document will be available by May 1, 1978 and that bids will be received by August 1, 1978.

The Government of Ghana and the VRA have entered into agreements of the above Projects. The lending agencies are the International Bank for Reconstruction and Development, the European Development Fund and the European Investment Bank for projects N. 1 and 2 and the IBRD alone for project N.3

Tendering will be restricted to companies and joint ventures with registered offices in countries which are members of the IBRD and Switzerland.

Request for Tender Documents may be made as from April 1, 1978 and shall be submitted as follows:

A) One copy to: THE CHIEF EXECUTIVE
VOLTA RIVER AUTHORITY
P. O. Box M 77
Accra - Ghana
Cable: Volta ACCRA

B) One copy (accompanied by a bank draft made out in favour of ITALCONSULT S.p.A. in the amount of U.S. $100 per complete set of documents per project) to:

ITALCONSULT S.p.A.
Via Giorgione, 163
00147 ROMA - Italy
Telex: 61497
Cable: TECNITAL - ROMA

The Tender Documents will be dispatched from Italconsult to the applicants, postage paid, by the quickest means available.

APPEL D'OFFRES INTERNATIONAL

CHAMP DE GAZ OFF-SHORE DE MISKAR (TUNISIE)

AVIS DE CONSULTATION POUR LA PRESELECTION DE L'INGENIERIE DE L'UNITE DE TRAITEMENT A TERRE DU GAZ DE MISKAR

Le Groupe étude Miskar, agissant pour le compte de la future entité responsable de la réalisation du project de développement du gisement de gaz de Miskar, dans le Golfe de Gabès, lance une consultation de préselection en vue de passer commande pour les études d'ingénierie et les services nécessaires pour l'acquisition de l'équipment et la supervision du montage d'une usine de traitement de gaz acides à proximité de Sfax, comportant des unités de traitement et des installations de production d'énergie et autres facilités

Les Sociétés d'Ingénierie intéressées par cette consultation sont invitées à retirer le dossier correspondant à partir du mardi 21 mars 1978 à l'adresse suivante:

GROUPE ETUDE MISKAR—11 Av. Khereddine Pacha—TUNIS Telex 12128 TN

et ce moyennant le paiement d'une somme de trois cents (300) dinars tunisiens par dossier ou de sa contre valeur en devises étrangères

Les dossiers ne seront pas envoyés

Les propositions relatives à cette consultation devront parvenir au plus tard le mardi 2 mai 1978 à 17 heures.

RENFREW DISTRICT COUNCIL
ERSKINE NEW COMMUNITY—
ERSKINE TOWN CENTRE

The District Council invite developers of appropriate calibre and proven experience to make application to be considered to enter into partnership with the District Council for the development of Erskine Town Centre. It is anticipated that the population of Erskine New Community will reach 25,000 by the year 1985 and the District Council intend the development of an appropriate Town Centre the first phase of which is 75,000 sq. ft. gross shopping floorspace.

The District Council have approved a brief to guide the design and implementation of the Town Centre comprising commercial and public buildings with supporting infrastructure.

Applications for copies of the brief should be made in writing to the undersigned. Submissions for consideration for entry to any partnership should be made in writing to the Director of Administration in the special envelope provided by 10.00 a.m. on 31st May, 1978.

The District Council do not bind themselves to enter into any partnership or accept any offer of partnership.

C. D. Begg, M.R.T.P.I.,
Director of Physical Planning,
Renfrew District Council,
Municipal Buildings,
Cotton Street,
PAISLEY, PA1 1BU.

CONTRACTS AND TENDERS
APPEAR EVERY MONDAY
For further details contact:
FRANCIS PHILLIPS on 01-248 8000 Ext. 456

COMPANY NOTICES

INTERCOM
SOCIETE INTERCOMMUNALE BELGE DE GAZ ET D'ELECTRICITE
Société anonyme
Registered Office: place du Trône 1, B—1000 Brussels (Belgium)

NOTICE TO SHAREHOLDERS

The improvement in the company's profits for the financial year 1977 will enable to propose to the management and to the general meeting of shareholders the same remuneration of the share capital despite its increase in 1977, which led to a 20% increase in the number of shares.

This would enable to fix the dividend at BF 142 for the old shares and at BF 94.66 for the new shares (net of Belgian withholding tax).

NIPPON CHEMICAL CONDENSER CO., LTD.
(CDRs)

The undersigned announces that shareholders who will be registered in the books of the Company at 3.00 p.m. March 31, 1978 will be entitled to receive a 10% GRATIS distribution of new shares.

Consequently the undersigned designated DIV. CP. NO. 1 of the CDRs for this purpose.

In Japan the shares are traded ex-bonus as from March 28, 1978.
March 14, 1978.
Amsterdam.
AMSTERDAM DEPOSITARY COMPANY N.V.

THORN ELECTRICAL INDUSTRIES LIMITED
(CDRs)

The undersigned announces that as from March 28, 1978 at Kas-Associatie N.V., Spuistraat 172, Amsterdam, div.cp.no. 1 of the CDRs Thorn Electrical Industries Ltd each repr. 50 shs. will be payable with Dfls. 5.10 (re interim/dividend 1978) 2.45p per share. Tax credit £—.631 =Dfls. 2.65 per CDR. Non-residents of the United Kingdom can only claim this tax credit when the relevant tax treaty meets this facility.
Amsterdam,
March, 14, 1978
AMSTERDAM DEPOSITARY COMPANY N.V.

DEAD + WORKS LIMITED
5% DEBENTURES 1978/87

NOTICE IS HEREBY GIVEN that the 5% Debentures 1978/87 Transfer Books of the above Company will be closed from 16th March 1978 to 31st March 1978 inclusive, for the purpose of preparing the interest warrants for the interest due to be paid on the 31st March 1978.

Coupon No. 11 on the Bearer Debentures of this issue should be submitted to the Bank Leumi (U.K.) Limited, 4-7 Woodstock Street, London W1A 2AF for collection in Israel.

BANK LEUMI (U.K.) LIMITED
London Paying Agents
A. I. Freedman, Secretary
4-7 Woodstock Street,
London W1A 2AF.

LEGAL NOTICES

No. 00849 of 1978

In the HIGH COURT OF JUSTICE Chancery Division Companies Court. In the Matter of COMMUNICATIONS SOFTWARE LIMITED and in the Matter of the Companies Act 1948

NOTICE IS HEREBY GIVEN that a Petition for the winding up of the above-named Company by the High Court of Justice was on the 14th day of March 1978, presented to the said Court by THE DEPARTMENT OF HEALTH AND SOCIAL SECURITY of State House, High Holborn, London, WC1 and that the said Petition is directed to be heard before the Court sitting at the Royal Courts of Justice, Strand, London, W.C.2, on the 17th day of April 1978, and any creditor or contributory of the said Company desirous to support or oppose the making of an Order on the said Petition may appear at the time of hearing in person or by his Counsel for that purpose; and a copy of the Petition will be furnished by the undersigned to any creditor or contributory of the said Company requiring such copy on payment of the regulated charge for the same.

M. W. M. OSMOND,
State House,
High Holborn,
London, W.C.1.

NOTE.—Any person who intends to appear on the hearing of the said Petition must serve on or send by post to the above-named notice in writing of his intention so to do. The notice must state the name and address of the person, or, if a firm, the name and address of the firm, and must be signed by the person or firm, or his or their solicitor (if any), and must be served or, if posted, must be sent by post in sufficient time to reach the above-named not later than four o'clock in the afternoon of the 14th day of April, 1978.

PREVENTION OF FRAUD (INVESTMENT) ACT 1958

NOTICE IS HEREBY GIVEN that Weeden & Co. of 55, Basinghall St., London EC2V 5EL, has relinquished the Principal's licence issued pursuant to Section 3 of the Act (having been declared an exempted dealer under Section 16) having transferred its business to Weeden & Co., New York.

Weeden & Co. has made application to the Department of Trade pursuant to Regulation 3 of the Prevention of Fraud (Investments) Deposit Regulation 1944 S R & O 1944 No. 541 for the release of the One Thousand Pounds deposited in pursuance of Section 4 of the Act.

Any persons having a claim on the funds representing the deposit should send their names and addresses and details of their claim to the Assistant Secretary, Companies Division, Department of Trade, Sanctuary Buildings, Great Smith Street, London, S.W.1, not later than (a) 3rd April 1978.

NOTE—(a) This date should not be not less than 21 days after the date of the first insertion of the advertisement.

LABOUR NEWS

Union unity in chemical industry

By Our Labour Correspondent

IX UNIONS in the oil, chemicals and related industries are forming a Chemical Unions Council in an effort to present common front on important issues.

Immediate issues to involve the council will include North Sea oil policies, oil refinery capacity and investment questions.

The six unions represented on the new council will be the General and Municipal, Transport and General, Amalgamated Union of Engineering Workers, Electrical and Plumbing Trades Union, Shop, Distributive and Allied Workers and the Association of Scientific, Technical and Managerial Staffs. Employees in oil, heavy chemicals, pharmaceuticals, paint and plastics will be represented.

Mr. David Warburton, national industrial officer of the GMWU who has been closely involved in setting up the council said that it was long overdue "in view of the increased procrastination by big employers who are not coming through in support of expanding economy and job opportunities."

The need for closer liaison between unions within different sectors of the industry had become increasingly obvious, particularly since the advent of the industrial strategy.

Union participation in the National Economic Development Council, sector working parties and similar joint bodies would, he hoped, "reflect common attitudes from all the unions involved."

Lecturers may not mark exams during pay row

BY ALAN PIKE, LABOUR CORRESPONDENT

UNIVERSITY lecturers will refuse to mark first degree examination papers this summer unless the Government hastens steps to correct a three-year-old anomaly in their pay structure.

The decision, taken by an overwhelming vote at the week-end at an Association of University Teachers' emergency council meeting, comes at a time when schoolteachers throughout the country are imposing sanctions over their pay claim.

Representatives of university teaching staffs decided to tell the Government that they will boycott the marking of first degree papers unless they get a firm undertaking that the pay anomaly either will be rectified by October or speedily referred to arbitration.

Out of 76 institutions represented at the meeting, 70 voted in favour of the sanction, and the remainer abstained. The Association represents the great majority of university lecturers and the marking ban could be expected to be effective.

Wrangle goes on

The anomaly arises from an arbitration award in 1974-75 which was not implemented because of the Government's pay policy. Ministers have agreed that the anomaly should be corrected — this will be worth an average of 12 per cent. to 14 per cent. for the lecturers — but are proposing to phase it out over three years.

Delegates to the council meeting firmly rejected the three-year proposal. Mr. Laurie Sapper, the association's general secretary, said yesterday that lecturers were not asking for the anomaly to be corrected until October, the anniversary date of their pay settlement, and so could not be accused of breaking any aspect of Government pay policy.

Because of wrangling over the anomaly payments, lecturers have not yet collected a 9.8 per cent. pay offer dating from last October. The council meeting decided by a narrow vote to settle within pay guidelines and accept this.

A similar offer of about 10 per cent. is expected to be made to schoolteachers' representatives to-day if, as is likely, union leaders decide to resume negotiations on the Burnham Committee. So far, the management side has offered 10 per cent. on the total salary bill but has said that 1 per cent. of this must be used to pay for anomalies, incremental increases and promotions.

Many members of the two largest teaching unions are banning voluntary duties in support of an improved offer.

Yorkshire pits threat

FINANCIAL TIMES REPORTER

The threat of industrial action is again hanging over the Yorkshire coalfield. National Coal Board representatives and the leaders of the field's winding engine men have failed to settle their grievance over the level of incentive payments.

The men, who are responsible for operating machinery which lifts workers, coal and materials up and down the shafts, receive a 40 per cent. payment. Face workers receive 100 per cent. and other underground workers 50 per cent.

Although there are only about 400 winders in the Yorkshire coalfield, a strike by them could virtually paralyse more than 60 pits. This would mean the laying off of more than 65 000 miners.

Race politics 'dirty game,' says Murray

BY OUR LABOUR CORRESPONDENT

IT WAS a "very dirty and dangerous game" to use limigation as a political issue, Mr. Len Murray, the TUC General Secretary, said in week-end speech.

Although he did not name Conservative Party leaders, Mr. Murray told a conference organised by Manchester Committee Against Racialism: "It is dishonest and cowardly to drop bold hints about new controls on immigration, and give only coy and feeble answers when asked what sort of controls and what difference they will make.

"We should not allow our country to be swamped by that sort of political propaganda."

The business of finding scapegoats among innocent people was always dirty, and it was bound to do damage which nobody could be sure would stop short of disaster.

While the TUC strove for equality of opportunity and treatment and for racial harmony, "we have to contend with the crude activities of those who are in the business of the disruption of the community and the destruction of peace."

Individual trade unionists should ensure that the TUC's equal opportunities clause was included in the collective agreement covering their workplace.

Widespread cuts in tax wrong, says Basnett

BY OUR LABOUR CORRESPONDENT

IT WOULD be economically wrong, psychologically misguided and socially damaging to use the whole scope of the Budget for tax reductions, Mr. David Basnett, chairman of the TUC, said at the week-end.

He called instead for increased public expenditure which had a "much faster and greater impact on jobs than equivalent tax cuts."

Mr. Basnett, general secretary of the General and Municipal Workers' Union, accepted the need for action to alleviate the effect on lower paid households of high marginal tax plus means-tested benefits. But he questioned the need to go beyond this and also declared his resistence to any switch from direct to indirect taxation.

The priority of the Budget must be to devote resources to tackling the enormous problems—unemployment and the reduction in the social wage—which had arisen from the world recession.

Public money must be devoted to industrial development, training, employment subsidies and the provision of jobs in the public services.

APPOINTMENTS

British Leyland names Board for SP Industries

SP INDUSTRIES, the British Leyland specialist engineering group formerly known as Leyland Special Products, has formed its first Board.

Mr. David Abell, who has been responsible for Leyland Special Products since June, 1975, is managing director of SP Industries. Mr. Pat Lowry, British Leyland's director of personnel and administration and Mr. Gerry Wright, British Leyland's director of finance are also named as directors in a non-executive capacity. Other members of the new Board are Mr. B. D. Hoare and Mr. W. Sneddon. Mr. C. S. Hall is company secretary.

★

The Association of Foreign Banks in France (Groupement des Representants de Banques Etrangeres en France) has modified its name to CERCLE DES BANQUES ETRANGERES EN FRANCE.

To comply with the articles of association, the Board has been reorganised and now consists of Mr. Michael Conolly (International Westminster Bank), Mr. Giuseppe Ginex (Banco di Sicilia), Mr. Kaizo Kubota (Banque Europeenne de Tokyo), Mr. Jean-Louis Masurel (Morgan Guaranty Trust Company of New York), Mr. André Plagnol (Banque Canadienne Nationale), Mr. Hermann Schmidt (Deutsche Bank AG), Mr. Luis Serra (Banco de Bilbao) and Mr. Guy d'Ussel (Banque Jordaan).

Mr. Plagnol has been elected president of the association and Mr. Jean-Louis Gillieron (Societe de Banque Suisse), Mr. Joseph Nahoum (former president of the group) and Mr. Alexander de Takacsy (Royal Bank of Canada (France)), are to be honorary chairmen.

★

Mr. T. G. Gilkes has been appointed a general manager of MIDLAND AND INTERNATIONAL BANKS from April 1.

★

Mr. David W. Potter has been appointed deputy managing director of the Denys Fisher Division of GENERAL MILLS U.K. He has been director of sales and marketing and now takes over responsbility for the Denys Fisher Toy division.

★

Mr. Charles Westgarth has been appointed chairman of ELLIS MECHANICAL SERVICES and Mr. Christopher Smyth becomes managing director. Mr. Michael P. Renton continues as a director.

★

Mr. R. F. G. Hurst has been elected president of the BUILDERS' BENEVOLENT INSTITUTION for 1978/79.

★

Mr. Neville Baynes, previously manager U.K. sales and marketing at Redifon Computers, has joined INFOREX as managing director. He succeeds Mr. John Evans, who has moved to Ansafone as managing director.

★

Mr. K. G. Welch and Mr. H. White-Smith have been elected deputy chairmen by the Council of the BRITISH INSURANCE BROKERS' ASSOCIATION.

Businessman's Diary

U.K. TRADE FAIRS AND EXHIBITIONS

Date	Title	Venue
Current	Daily Mail Ideal Home Exhibition (cl. Apr. 1)	Olympia
Apr. 3—6	Environmental Pollution Control Equip. Exbn.	U.S. Trade Center, W.1
Apr. 3—7	Int. Heating, Ventilating & Air Conditioning Exbn.	Nat. Exbn. Centre, B'ham.
Apr. 4—6	Electro-Optics Exhibition	Metropole Centre, Brighton
Apr. 4—6	Computermarket '78 Exhibition	Bloomsbury Centre Htl., WC1
Apr. 4—7	Information Handling & Management Exhibition	West Centre Hotel, S.W.6
Apr. 10—13	International Gas Turbine Exhibition & Conf.	Wembley Conf. Centre
Apr. 10—14	National Printing Machinery Exbn.	Nat. Exbn. Centre, B'ham.
Apr. 11—14	London Fashion Exhibition	Earls Court
Apr. 18—21	Storage, Handling & Distribution Exhibition	Olympia
Apr. 20—28	Metalworking '78 Exhibition	Nat. Exbn. Centre, B'ham.

OVERSEAS TRADE FAIRS AND EXHIBITIONS

Mar. 31—Apr. 5	Int. Woodworking Machinery & Wood Ind. Exbn.	Paris
Mar. 31—Apr. 5	Supplies & Materials for the Furniture Ind. Exbn.	Paris
Apr. 2—6	International Fashion Week	Munich
Apr. 3—8	Electronic Components Exhibition	Paris
Apr. 4—7	Total Transport '78 Exhibition	Rotterdam
Apr. 11—15	Plastics & Rubber Technology Exhibition	Tokyo
Apr. 11—16	Seoul Trade Fair	Seoul
Apr. 11—16	Building, Heating, Plumbing & Air Cond. Exbn.	Helsinki
Apr. 14—23	International Trade Fair	Milan
Apr. 15—24	Swiss Industries Fair	Basle
Apr. 17—23	International Spring Fair	Zagreb

BUSINESS AND MANAGEMENT CONFERENCES

Mar. 21	British Council of Productivity Associations: The Legal Implications of Interviewing—Selection and Promotion	Metropole Hotel, W.2
Mar. 21	Gresham Management Services: Employee Participation in the Retail & Distributive Industries	Hyde Park Hotel, S.W.1
Mar. 21	Oyez/IBC: The Tax Consequences of Trusts To-day	Europa Hotel, W.1
Mar. 22	London Chamber of Commerce & Industry: Pre-Shipment Finance for Small & Medium Sized Firms	69, Cannon St., E.C.4
Mar. 29	London Chamber of Commerce & Industry: Practical Agency Problems in the Gulf States, Saudi Arabia and Iran	69, Cannon St., E.C.4
Mar. 30	British Frozen Food Federation Export Seminar	World Trade Centre, E.1
Mar. 31	Management Training Consultants: Current Trends in Management & Supervisory Training	Leicester
Mar. 31—Apr. 3	Institute of Personnel Management: The Impact of Government on Company Pay Policies & Industrial Relations	Oxford
Apr. 4	European Study Conferences: Fringe Benefits on the Shop Floor	Hilton Hotel, W.1
Apr. 5	Hawkins Publishers: Cash and Capital	Europa Hotel, W.1
Apr. 6—7	Advanced Management Research (AMR): Business Strategies in the Middle East	Grosvenor House, W.1
Apr. 6—7	Brunel University: Identifying Training Needs for Managers and Professionals	Uxbridge
Apr. 6—7	Institution of Chemical Engineers: Production Congress 78	Birmingham
Apr. 6—7	Financial Times: The Meade Report and Tax Reform	Inter-Continental Hotel, W.1
Apr. 6—7	Industrial & Commercial Techniques: Developing Export Sales	Penta Hotel, S.W.7
Apr. 10—11	Financial Times: Business and the European Community Directives	Grosvenor House, W.1
Apr. 10—12	Brintex: Energy Utilisation and Conservation in Industry	Royal Lancaster Hotel, W.2
Apr. 10—14	P-E Consulting Group: Application of Production & Inventory Control	Egham, Surrey
Apr. 10—14	Kepner Tregoe: Decision Making for Senior Management	Bournemouth
Apr. 11—12	Anthony Skinner: New Inspection Techniques and Methods	Café Royal, W.1
Apr. 12—14	Seminar Services: International Tax Planning	Zurich
Apr. 13	Building Advisory Service (BAS): Management Contracting Overseas	Cavendish Conf. Centre, W.1
Apr. 13	British Institute of Management (N.E. Region): Interpreting Accounts to the Non-Financial Manager	Harrogate
Apr. 16—20	Retail Consortium: International Conference of Retailers	Grosvenor House Hotel, W.1
Apr. 17—21	London Chamber of Commerce and Industry: Understanding the Arab World	69, Cannon St., E.C.4
Apr. 18—19	British Association for Commercial and Industrial Education: Management Development	Leicester
Apr. 19	Henley Centre for Forecasting: The Budget	Carlton Tower Hotel, S.W.1
Apr. 19	London Chamber of Commerce and Industry: Agri-Business in the Middle East & North Africa	69, Cannon St., E.C.4
Apr. 20	McGraw-Hill: Managerial Work—Its Demands and Choices	Royal Garden Hotel, W.8
Apr. 20—21	Legal Studies & Services: Claims Against Carriers—Procedures and Remedies	Hilton Hotel, W.1

This week in Parliament

TO-DAY

COMMONS — Proceedings on Consolidated Fund Bill.

LORDS—Ship Building (Redundancy Payments) Bill (Third Reading). Northern Ireland (Emergency Provisions) Bill: consideration of Commons amendment. Civil Aviation Bill, remaining stages. Debate on farm prices and the Milk Marketing Board.

TO-MORROW

COMMONS—Motion on EEC documents on agriculture price proposals and on milk. Motion on EEC documents on Mediterranean agriculture and wine.

LORDS—Church of Scotland (Property and Endowments) (Amendment) Order Confirmation Bill. Report stage. Motion to approve Prevention of Terrorism (Temporary Provisions) Act 1976 (Continuance) Order. Employment Subsidies Bill (Second Reading). Motion to approve Social Security Pensions (Home Responsibilities and Miscellaneous Amendment) Regulations 1978. Prayer Book (Ballot of Laity) Bill. (Second Reading).

SELECT COMMITTEE—European Legislation, etc. Sub-committee 11. Concurrent meeting with sub-committee "B" of the House of Lords. Select Committee on European Communities. Subject: Liner Conferences. (10.30 a.m. Room 4).

WEDNESDAY

COMMONS—Debate on Windscale Inquiry report. Motion on EEC document on Cyprus.

LORDS—Debate on recommendations made in the reports of the Committee on Mentally Abnormal Offenders.

THURSDAY

COMMONS — Questions from 11 a.m. to 12 noon and after debates on various subjects the House will adjourn for the Easter recess until Monday, April 3.

LORDS — Consolidated Fund Bill, all stages (11 a.m.) Employment Subsidies Bill (Third Reading). Motion to approve Weights and Measures Act 1963 (Weighed Out Foodstuffs Restriction on Imperial Units) Order 1978. Motion to approve Weights and Measures Act 1963 (Hardware Textiles and Floor Coverings), etc., Order 1978. State Immunity Bill, report stage. Motion to approve Social Security (Contributions) Consequential Amendment Regulation. Debate on export of live farm animals. The House will adjourn for Easter recess until Tuesday, April 4.

Building and Civil Engineering

Saudi Arabian sports centre

TENDERS ARE expected to be invited before the end of this year for the construction of a hospital welfare and "performance evaluation" complex is to form part of a 1,300-acre *sports centre at Riyadh, Saudi* Arabia.

Cost of the sports centre has not been disclosed, but judging by the plans announced it could not be less than £100m. Tenders will be called for both construction and supplies of medical and sports equipment.

The 102-bed hospital's main role will be to act as a health centre and provide facilities for the evaluation of the potential of young athletes, and train them to international standards.

London-based quantity surveyors Spicer Partnership Overseas have been appointed to prepare bills of quantities and provide a construction cost con*sultancy in conjunction with* Daniel Mann Johnson and Mendenhall International, a Los Angeles planning and design consultancy.

The latter is in joint venture with Victor P. Tarazi (architect), of Riyadh, an appointment made by the Saudi Arabian Government. The whole project is being directed by Prince Faisal Ben Fahd Ben Abdulaziz.

Facilities at the performance evaluation centre will include a five-lane swimming pool, a swim flume for simulating racing conditions and a diving pool, all of which will have underwater observation galleries. There will also be facilities for ball games, *gymnastics and boxing and a* four-lane running track will encircle the building at mezzanine level.

Apart from accommodating up to 600 athletes, medical, teaching and administration staff the hospital and welfare centre will include a 300-seat auditorium, laboratories and classrooms. Construction is to be mainly of steel and reinforced concrete with rendered and textured coatings and marble claddings.

Total may reach £15m.

THE FIRST phase of construction of a new research facility for Smith Kline and French Laboratories at The Frythe, Welwyn, Herts., is to be carried out by Kyle Stewart. The contract is worth about £7m

Laboratory facilities and special purpose buildings are called for and completion is scheduled for September next year.

Kyle Stewart has also started *on the construction of a ware*house and *integral* first-floor offices with car park for Hoechst U.K. at Milton Keynes. This contract is valued at £650,000.

It is understood that Kyle Stewart is also negotiating to undertake building and civil engineering work in connection with a £7½m. expansion scheme at Northampton by Carlsberg Brewery. If this comes to fruition, Kyle Stewart's latest contracts will total about £15m.

£3m. spread of contracts

ORDERS WORTH around £3m. have been placed with Rush and Tompkins.

At Whetstone, in north London, the company has begun extending a Waitrose supermarket for the John Lewis Partnership at a cost of £400,000 and is also to carry out similar work for the same client at its store in High Street Banstead, Surrey. Value of this contract is £750,000.

Still in the south-east, Rush *and Tompkins has just started a* negotiated £300,000 contract awarded by Helton Investments for an office building at Maidstone, Kent, and it is also fitting out offices in Hanover Square, London, for the Midland Bank and constructing a public house for Ind Coope at Chatham, Kent.

In the south-west, in Salisbury, motor showrooms are being converted into a freezer centre for Bejam (£150,000) while up in Cheshire at Altrincham a new store for Caters is being fitted out at a cost of £700,000.

A contrast in work is being undertaken in Scotland where Rush and Tompkins is to construct a Methodist church at Clydebank. Value of this contract is £300,000.

£2m. worth of work in Midlands

LARGEST OF several contracts totalling nearly £2m. awarded in the Midlands to Holland, Hannen and Cubitts is worth £900,000. This is for 98 two-storey flats for Coventry City Council's Halford Lane project.

Cubitts which is a member of *the Tarmac Group, is also just* starting on a £378,000 contract for Solihull Metropolitan Borough Council. Under this contract Cubitts and Tarmac are building 41 two-bedroomed houses in a scheme devised for local authorities and offering the latter a range of houses equally suitable for sale or rent, or for co-ownership and equity sharing schemes. Architects for this project are Miall Rhys-Davies and Partners.

Other contracts won by Cubitts include alterations to a shopping centre at Redditch New Town for the Development Corporation (£220,000) and for completion of a 4-storey building in Nottingham which had been started by another builder now in liquidation. Value of this is £340,000.

Structural concrete plant

FIVE TYPES of precast concrete structural elements are to be made in a plant which Krupp Stahlbau is to set up over the next 12 months for Real Estate Construction and Fabrication Company of Kuwait.

The site chosen is about 50 kilometres south of the capital and it will cover an area about 150 metres square.

The contract covers supply of structures and of the plant and equipment for the production lines as well as construction of plant and ancillary buildings, with provision for further expansion. Initially some 200 workers will be involved in the production plant.

£2m. awards in Devon

THREE contracts together totalling over £2m. have been awarded to Dudley Coles.

They are for a general teaching block and computer suite at Plymouth Polytechnic (£1.2m.), a Territorial and Army Auxiliary Volunteer Reserve Centre at Crownhill, Plymouth (£200,000), and an extension to the telephone exchange at Barnstaple, Devon (£230,000).

Insulated panels

DELIVERY HAS started of 200,000 square metres of insulated building panels to Saudi Arabia under an order worth about £1m. placed with A/S Norgips, Svelvik, Norway.

The units consist of two 13 mm thick gypsum boards with a cavity of 55 or 75 mm. filled with polyurethane foam. The panels are 2.4 metres high and up to 8.4 metres long.

£100m. project in Kuwait

MASSIVE, even in the context of the most recent development projects announced by a number of the Middle Eastern countries is that for the Jahra District Centre in Kuwait. White Young and Partners, consulting engineers, which has just gained the design/develop contract for the centre, estimates that the total to be expended will be in the region of £100m.

It will include a mixed development of housing, commercial premises and four large multi-storey car parks as well as numerous Government and public buildings—town hall, theatre, library and offices.

The centre of the project is to be designed as a large pedestrian piazza and will contain a spacious mosque.

In accordance with the master plan for the development of Kuwait, Jahra is to become the country's third largest centre and it is anticipated that with an annual population growth rate of 6 per cent. up to 1990, the centre will house some 20,000 families, with a total population of 130,000, or twice the present level.

A consortium of British firms associated with White Young in this big project has been formed. It includes Michael Lyell and Associates—chartered architects and planners; Donald Smith, Seymour and Rooley—mechanical and electrical engineering consultants; and Shaw and Hatton—quantity surveyors.

Housing and hospital

A £1½m. contract has been awarded to John Laing by The Guinness Trust.

Old terraced houses have been demolished to make way for the project at Cowpen Quay, Blyth, Northumberland, where both houses and flats are to be constructed.

Further north, Laing has won a £1m. contract for internal remedial work at the Royal Hospital for Sick Children in Yorkhill, Glasgow.

The work, ordered by the Greater Glasgow Health Board, involves replacement of hot and cold water supply systems, repairs to floors and joinery and redecoration.

More space for Dutch factory

A £250,000 factory extension, 20 feet below sea level, at Emmeloord in the Netherlands is to be constructed for PD Geesink, a subsidiary of Powell Duffryn Engineering.

Nearly 200 piles will have to be driven into the soft bed of what was formerly the Zuider Zee. Some of the piles will be driven to a depth of 50 feet. The main contractor is De Vries of Emmeloord. Factory production space will be increased by 2,000 square metres.

£3m. worth to Wimpey

UNDER A contract worth over £2m., George Wimpey is to construct a maternity unit at the Royal United Hospital (South), Combe Park, Bath, for the Wessex Regional Hospital Authority.

The contract calls for a 112-bed unit with plant room at roof level and two inner courtyards. Also included is a single-storey link block to the hospital and a 700 square metre single storey service block. Work has just started.

On North Tyneside, on the West Chirton Industrial Estate (North), Wimpey is to construct an advance factory for English Industrial Estates Corporation at a cost of £225,000, while at Wilton Crescent, Bolden Colliery, Tyne and Wear, it is to build 83 dwellings under a £857,000 award from the North Housing Group. Work on the latter is due to start at the end of this month.

Work in Saudi Arabia

ALL *PUBLIC* areas and bedroom suites in the new 200-bed-roomed Dhahran International Airport Hotel in Saudi Arabia are to be decorated and furnished by Wiltshier International Interior Contractors under a £1½m. contract.

Main contractor for the hotel, which is expected to be opened in the latter part of this year, is the National Development Company of Riyadh. Interior designers are the *Robinson Conn* Partnership of Windsor, Berks.

Back in the U.K., another Wiltshire company has just completed a £400,000 development on an industrial estate in Pysons Road, Ramsgate, Kent, for Thanet District Council. About 38,000 square feet of industrial units have been provided. The site was formerly a small municipal airport.

Heating and ventilation

MECHANICAL services for three sports centres, at Fearnville, Hunslet and Scott Hall, are to be installed by Rosser and Russell (Northern) under a £400,000 contract from Leeds City Council.

Heating will be a combination of ducted warm air, radiant panels, gas radiant tube heating and radiators and there will be a reclaim system which will extract surplus heat from the swimming pool to supplement warm air supplies.

At Hempstead near Gillingham, Kent, Rosser and Russell is to instal heating and ventilation services at a J. Sainsbury/British Home Stores Sava Centre at a cost of about £333,000. This store complex will have a floor area of over 125,000 square feet, mainly on one level.

Narrow boat dredger

THE LARGEST machine ever *built by Smalley Excavators is a* barge mounted dredger for the British Waterways Board. It is now operating on the long pound of the Kennet and Avon canal at Pewsey, Wilts.

Weighing 18 tons, the barge is 39 feet 6 inches long and 12 feet wide. It carries a Smalley 10 dredging unit powered by a Lister diesel engine.

Telescopic stabilisers anchor *the machine while it is working* and can be extended up to 8 feet. Reach of the dredger is 24 feet 6 inches, and digging depth is 8 feet.

More from the maker at Osbournby, Sleaford, Lincs. NG34 0DJ (05295 391).

IN BRIEF

- A £2m. contract for 11 buildings at RAF Station, Upper Heyford, Oxfordshire, has been awarded to Sir Alfred McAlpine and Son by the Property Services Agency.
- British Waterways Board has announced that the Alvechurch Aqueduct on the Worcester and Birmingham Canal will have to be rebuilt at an estimated cost of £60,000.
- Ernest Ireland (Mowlem Group) has been awarded a £750,000 contract to build part of a £1.6m. meat products factory at Plymouth, Devon, for Bowyers.
- Contracts worth more than £800,000 have been awarded to FPA Finnegan, main building subsidiary of the FPA Construction Group. They include a £465,000 contract for the construction of a group of 16 houses and 20 flats on a site at Woodstock Road, Strood, Kent, for the Medway Churches Housing Association.

City office block to be extended

JOHN LAING GROUP member Holloway White Allom has been awarded a £2m. contract to refurbish and extend a London office block for insurance broker C. E. Heath and Co.

The block, Shipping Federation House, at Minories in the City, is adjacent to and will be integrated with Cuthbert Heath House. Shipping Federation House is to be reduced to a shell, have two *storeys added and a* new service core with four lifts installed. New wiring, plumbing, air conditioning equipment and an electric document conveyor system are also to be installed.

Work at Cuthbert Heath House will include provision of new catering facilities, removal of a lift and alterations to offices.

Lifting cement vibrators

A *CRADLE for lifting poker* vibrators to where concrete is being poured on multi-storey building sites has been developed by P. and J. Gehler. It is stated to comply with the lifting gear regulations of the Health and Safety at Work Act.

The unit consists of a base, a retaining ring, three chains and a hook eye. When the vibrator drive is placed over locating lugs on the base, the ring drops over the vibrator frame. As the cradle is lifted and the slack on the chains tightens, the vibrator is locked in position.

The flexible drive shaft is wound round the chains and locked by placing the poker up*right through the ring.*

It is claimed that the vibrator can be operated while still in the cradle suspended from the crane hook.

More from the maker at 241 West Wycombe Road, High Wycombe, Bucks. (0494 444212).

The Executive's and Office World

EDITED BY CHRISTOPHER LORENZ

Where top Europeans get their perks

TOP SPANISH executives like to be chauffeur-driven on business trips and to have a private washroom in the office. Their British counterparts are fond of executive loos and taking their spouses on business trips. The Swiss businessman goes for an office with a view and a subsidised home.

These findings come in the latest edition of *European Top Management Compensation Policies**, to be published shortly by Management Centre Europe. In this survey of nearly 4,000 top executives in 645 companies in nine European countries, it was also found that nearly 80 per cent. of the companies surveyed in Britain provided top executives with a company car for business use and 72 per cent. did so for private use as well.

Only French and German companies provide their executives with cars to a similar extent. The Italian businessman is bottom of the nine-country survey; less than 40 per cent. of companies in Italy provide a car for business purposes, although nearly 50 per cent. do so for private use.

Revealing differences in national characteristics are shown up by the survey. For instance, while 23 per cent. of British companies will pay the spouse's travelling expenses when accompanying the executive on a business trip, only 2.7 per cent. of Italian companies will.

On average, around one quarter of all the companies surveyed said they provided a "liberal expense account." At the top of the league, 31 per cent. of British companies fell into this category, while at the bottom only 12 per cent. of French companies consider themselves to be so generous.

The Austrians obviously see office environment as important to their top executives, as 85 per cent. of companies provided them with "better appointed offices," with added benefits, such as carpets, curtains, paintings and a larger desk. Such a perk rates highly in all the countries surveyed; only in Italy and France did less than half of the companies provide top executives with a better office. A better positioned office also appears to count highly in a number of countries. Of the Swiss companies surveyed 45 per cent. said they would move their executive up a floor or give him an office with a window.

Of all the countries Spain is keenest on the executive having a private washroom, with 22 per cent. of companies providing one. And only in Spain and Britain does the executive lavatory feature prominently, with 23 per cent. and 26 per cent. of companies respectively having them.

Britain also leads Europe in providing executive dining facilities; nearly 40 per cent. of U.K. companies do. Such facilities seem to be virtually unheard of in France, given that only 2 per cent. of companies surveyed made them available.

Belgium and the U.K. generally appear to do most in the way of providing insurance benefits, while relatively few Italian companies do. Over 90 per cent. of British companies provided their executives with pensions—in addition to any statutory requirement—which compares with 83 per cent. in Switzerland, 77 per cent. in the Netherlands, 75 per cent. in Austria, over 60 per cent. in Belgium and France, 41 per cent. in Spain and a mere 5.4 per cent. of Italian companies.

The pattern is fairly similar for life insurance provisions. Again most U.K. companies provide them, though they are not very widespread in the Netherlands or Italy.

Belgian and Spanish companies are keenest on providing training facilities for executives—either inside or outside the organisation—for professional development. In most of the countries surveyed around 60 per cent. of companies provided training. Britain was on the low side with only 36 per cent. of companies offering such a facility, and Italy was the worst, being the only country with less than 50 per cent. of companies providing it.

On languages the U.K. had quite clearly, and perhaps not altogether surprisingly, the worst record. Only 17 per cent. of British companies offered private language coaching or other related educational facilities. At the other end of the scale, 57 per cent. of Dutch companies did so.

The report also shows how each country values the different disciplines of executives. Based on the survey, it expresses each job as a percentage of the chief executive's salary. British engineers, who have long complained of being underpaid, will find plenty to vindicate their grouses. In the U.K., top engineering executives are paid at 46 per cent. of the chief executive's salary; this is a lower proportion than in any of the countries surveyed and compares with 62 per cent. for the top German engineering executive and 68 per cent. in the Netherlands.

In the U.K. the engineer is placed in a similar category to the top purchasing executive and the top EDP man in the corporate pecking order.

Highest rated in the U.K. below deputy chief executive and divisional director level are the top financial executive and top marketing executive. In comparison with other countries the U.K. does not appear to put too high a regard on its sales executive either, who scores around 50 per cent. of the chief executive's remuneration, compared with Switzerland and Germany who rate him at 60 per cent.

British and Spanish executives were the only ones whose pay increases did not match or exceed the increase in the cost of living in 1976-77. The average increase in the U.K. was 6.3 per cent. against a 13.1 per cent. rise in the cost of living. For Spanish executives the equivalent figures were 19.6 per cent. against 26 per cent.

At the other end of the spectrum German executives increased their remuneration by 7.7 per cent. while their cost of living rose by only 3.7 per cent. and the Swiss average increase was 4.3 per cent. with an inflation rate of 1.4 per cent.

The survey spotlights the high level of direct taxation in the U.K. compared with other European countries. In an extensive table of net income after the deduction of incomes taxes and social security charges expressed as a percentage of gross remuneration, the survey shows U.K. tax as the highest across almost all income ranges, from $8,000 (£4,200) up to $120,000 (£63,100). But between $12,000 to $40,000 a year the Irish income earner is slightly worse off.

For somebody on an annual salary of $8,000 a year, net income as a percentage of gross is in Austria 86 per cent.; Belgium 100 per cent.; France 97 per cent.; Germany 85 per cent.; Ireland 77 per cent.; Italy 85 per cent.; Netherlands 85 per cent.; Spain 78 per cent.; Switzerland 98 per cent.; U.K. 76 per cent.; U.S.A. 89 per cent. But at the dizzy heights of $120,000 a year someone in the U.K. would have a net income of 28 per cent. The next most stringent taxation of the very high earner is the Netherlands; there he would see 38 per cent. of his money after tax and social security. America and France are the most lenient on the high earner—he can take home 63 per cent. of gross income.

The survey is available from Management Centre Europe, Avenue des Arts B-1040, Brussels, price B.Frs.11,500.

Jason Crisp

TOP MANAGEMENT SALARIES RELATIVE TO CHIEF EXECUTIVE'S SALARY %

EXECUTIVE POSITION	Bel.	Fr.	Ger.	Italy	Ned.	Sp.	Swi.	U.K.
Chief	100	100	100	100	100	100	100	100
Deputy Chief	76	78	71	80	81	77	71	80
Division Director	67	76	66	67	75	66	60	62
Top Marketing	65	63	66	65	63	58	63	58
Top Sales	56	54	59	53	57	57	59	50
Top Manufacturing	54	56	54	53	64	59	64	53
Top Engineering	51	60	62	57	68	54	54	46
Top Research	52	52	56	57	62	48	59	52
Top Financial	57	59	58	59	68	61	56	58
Top Administrative	56	50	54	53	52	62	54	55
Top Personnel	51	47	47	57	55	55	58	49
Top Purchasing	46	49	42	47	50	39	40	41

Source: Management Centre Europe

Catering for flair in the Civil Service

ONE OF the few successful examples of managerial flair in the civil service is to be found in the unlikely area of mass catering. Since its inception in 1973, the Civil Service Catering Organisation—known as CISCO—has developed sophisticated management, accounting and marketing techniques which enable it to operate at a level of profitability envied by many industrial and commercial caterers.

The unit operates virtually as a self-contained unit and in particular it tries not to let the existence of subsidies hinder its management performance. Any drop in its 45 per cent. gross profit target is met by a corresponding cut in its food subsidy—a system that keeps it firmly on its toes.

At a time of rising costs and pressure on Civil Service manpower, CISCO has also been able to cut its staffing levels without any apparent effect on efficiency. From an annual turnover of £10.75m., it is making a contribution in respect of overheads of £250,000 as part of the overall Whitehall financial savings.

The CISCO operation is particularly interesting in that it does not have a monopoly on civil service catering. Traditionally, independent canteens were run entirely by staff committees but these canteens were often too small or lacked the commercial knowledge to be considered viable economic units. In the early 1970s, it was decided to bring them within the context of a special, Civil Service Department sponsored company, to include the catering services already operated by the Directorate of Catering which had been started during the war.

But because a joint CSC-controlled catering operation posed too many problems, it was decided to set up CISCO as a separate trading organisation to manage the existing directly-run canteens and to let the committee canteens continue as before. Out of a total of just over 800 catering units at present, the bulk (566) are still committee run. However, CISCO still manages to produce 14.7m. meals a year, and achieves on average between ten and 15 per cent. greater gross profit margins on food turnover than the committee-run canteens.

The chief executive, Harry Guest, was brought in from Associated British Foods to run CISCO's five divisions: operations, personnel, finance, marketing and supplies. CISCO is also split into 20 geographical areas.

The main success of CISCO has been the way it has kept a tight rein on operations in an industry notorious for its laxness of controls. This has been achieved by giving close attention to financial and other operating yardsticks in each catering outlet. It has developed an "assessment package" to identify the commercial viability of new operations. In this way over 40 surveys have been carried out over the last two years to identify staff needs—whether there should be a full canteen or snacks or take-aways—and the price the staff would be prepared to pay.

The director of operations, who reports to Harry Guest, receives this statistical information from which he can make regular reviews of demand, and consequently produce manning schedules.

The operations division is responsible for each outlet achieving specific production targets and gross profit levels. Any shortfalls trigger off various techniques to restore profitability. These include putting in new management, assessing the demand for food, and special advertising and promotions to boost sales.

Part of the financial control system is the field management accounts team, which is used to identify any weaknesses that the statistics fail to show up. According to Mr. Guest, "they can, for instance, pinpoint the half-hour of catering staff time unproductively employed, or the 20-30 degrees Fahrenheit a fish fryer is operating below correct working temperature, leading to excessive cooking time and moisture absorption, giving low production yields."

But as Mr. Guest acknowledges, "beyond a certain stage statistical and management investigations do little to illuminate the problem of unsatisfactory operation standards in terms of performance and cash results."

In the end, the problem is one of management. "We believe that during the last two or three years we have steadily improved the quality of our management by a combination of regular recruitment of a high standard, methodical posting and training of junior management in order to give the right sort of job experience, and increasing the management and training skills of our line management."

David Churchill

EXECUTIVE HEALTH

BY DR. DAVID CARRICK

Put out to grass

A FEW months ago I spoke to a gathering of worthy folk about stress and, not surprisingly, met a response which was something less than wild enthusiasm. Things suddenly warmed up during "question time" when I was asked: "At what age do you think that executives should retire?"

A difficult and faintly suspicious question. While gathering my thoughts, and seeking to gain time, I said that I thought that an even more important problem was whether some people should ever *start*, let alone *retire*. This was greeted with an amazing and unexpected roar of applause and laughter which puzzled me. Then it dawned upon me that each delegate present fancied that I was referring to those sitting next to him or her.

My answer was by no means facetious. A simple study of people reveals its truth. For example. I have a wonderful female patient who was born during Queen Victoria's Diamond Jubilee Year. She is amazingly loyal to her employers; never misses a day's work: and, in her spare time, is one of the best bowlers in England.

. . . one of the best bowlers in England . . .

On the reverse of the coin, I have heard from a colleague that a 25-year-old patient of his, with a degree in sociology, came to his surgery to demand pep-pills as he got so tired waiting in the dole-queue, and also for something to improve his appetite because the half-mile walk to the pub from the queue, made him less interested in beer than hitherto.

So it is only by carefully weighing the merits of those approaching retirement age (even 20 years before) that any useful or important decisions can be made. The arbitrary figures of 65 or 60 are almost as facile as the statement in the American Declaration of Independence that "We hold these truths to be *self-evident* that all men are created equal . . ."

Those who originated the statement must have been as quaint as they were cosseted. For what sensible person could maintain that, say, a subnormal child is exactly the same as the brilliant young Mozart? One man *may* be useless at 40, whereas another at 65 (or very much older), possessing great wisdom and vigour, may prove to be of incalculable value.

Evidently there are those who should be retired. A good company should prepare employees for so drastic a change by obtaining specialist advice.

Although I am much against annual volunto-compulsory medical check-ups for all executives, whether performed by humans or robots, it is reasonable that those over 65 and still working should be seen annually by an understanding physician who is as aware of the somatic problems of ageing as of the psychological ones: also, he must be completely aware of the type of work the patient is undertaking.

But never should he fail to remember that the infinite value of wisdom, which is irreplaceable, should not be coldly cast aside as a wasted asset on the mouldering midden thrown up by envy and ambition.

LOMBARD

Governments and free trade

BY GEOFFREY OWEN

IT IS sometimes said that the biggest threat to free trade at the present time comes from the Americans. More and more U.S. industries, supported by influential Congressmen, are campaigning against what they regard as unfair foreign competition. President Carter, despite his commitment to free trade, has been forced to make some concessions: these make the protectionists fight all the harder. Last week a Congressional committee voted to overrule the President's decision not to impose import duties on industrial fasteners; whether or not that vote is upheld by the full Congress, it is another sign of the pressure on the Administration.

More efficient

No doubt one of the reasons for this is simply that some Americans don't like competing with foreign manufacturers who are more efficient than they are. Much of the steel industry's propaganda directed against the Japanese has been highly misleading: the fact that the Japanese steelmakers have a significant cost advantage because of their larger investments and superior technology, has been kept very quiet.

But where the Americans are on stronger ground is on the issue of Government support for failing enterprises, especially in Europe. Why should we be expected to observe the rules of free trade, say the Americans, when so many of our foreign rivals are protected from the rigours of competition by Government intervention?

This is a theme which is being pushed hard by spokesmen for various U.S. industries, especially in relation to the GATT negotiations. For example, the chairman of Union Carbide has been urging the U.S. negotiators not to give up the American Selling Price system (a protectionist device which has long been resented in Europe) unless it is replaced by an arrangement which provides equivalent protection. As part of his argument he warned about the competitive threat posed by companies owned or controlled by governments; by the mid-1980s, he said, these companies would account for virtually 50 per cent. of the U.S. chemical industry's competition in export markets in such sectors as petrochemicals, fertilisers and plastics.

Even in the machine tool industry, where the traditions of free trade are well established and there is a high degree of inter-dependence between the main producing countries, the same noises can be heard. An American spokesman has referred to the "predatory" export policies pursued by companies in Europe and Japan; with governments bailing out bankrupt machine tool builders and providing a range of subsidies to others, the rules of the game have been changed and the U S Government must react. The general line is that the Europeans and Japanese are more interested in preserving employment than in making profits.

There is a good deal of truth in this. It is hard to convince Americans that British Steel, British Leyland or even Alfred Herbert are being run on the same capitalistic principles as their counterparts in the U.S. In a host of European industries—steel, shipbuilding, cars, pulp and paper, chemicals — one government or another is keeping non-viable companies afloat. In theory these rescue operations are temporary, induced by the recession. But one suspects that even when trade recovers governments will be unwilling or unable to unwind their positions; there will have been a permanent extension in the area of European industry which is controlled or supported by the state.

Commercial

It might be argued that all this intervention reflects a genuine change in social expectations which will one day spread to the U.S and that the Americans had better get used to it. Whether that is right or wrong, it is high time that people in Europe faced up to the consequences for world trade of far-reaching government support for industry. Not only does it give the American protectionists a powerful weapon, but it points towards more and more government control over the mechanics of imports and exports.

I doubt if many people want to replace free trade with a system in which companies in each country or bloc form themselves into cartels and negotiate, through their governments, with other cartels. If that spectre is to be avoided, governments must either get out of the arena or at least convince the rest of the world that the companies which they control are run on normal commercial lines.

WEEK IN THE COURTS BY JUSTINIAN

Precedent raised from the dead

THE COURT OF APPEAL'S reaffirmation of the crime of blasphemy, after its dormancy for half a century, was not unexpected. Judges nurtured in the modern tradition that courts do not (and will not) exercise a residual power to refashion the common law of England like some auxiliary legislature, were bound to shun any function of law-making. Not even an obsolescent crime can be swept away by judicial decree.

But the manner in which the judges have reinstated the crime of blasphemy will both surprise the reformists and provoke them to greater efforts to get the crime abolished.

It was one thing to uphold the conviction handed down at the Central Criminal Court last July —indeed no serious argument was advanced for saying that the crime no longer existed. It was altogether alarming — some would say grotesque — for the judges to assert that the editor and publishers could commit the crime even if they did not intend to offend the believers in Christianity.

In holding that the prosecution had to establish only that the defendants intended to do that which in the eyes of the jury was offensive to Christians, the court revivified a decision given 300 years ago when the crime took on a very different social and political complexion from that in recent times.

Subversion

The precedent of 1675 involved a blasphemy that Jesus Christ was a bastard and a whore-master; that religion was a cheat; and that the author of the blasphemy did not fear God, the Devil, or man.

At his trial, the defendant acknowledged that he wrote the words, but he pretended that they did not bear their ordinary meaning. He explained, for example, that by calling Christ a whoremaster he meant that he was the master of the whore of Babylon. Not surprisingly he was convicted, whipped, and put in the pillory. Sir Matthew Hale, the Chief Justice, concluded that to say religion was a cheat was to dissolve all those obligations whereby civilised societies were preserved, and that Christianity was part of the laws of England. To reproach Christianity was, in effect, to speak in subversion of the State

That case became a precedent for convicting heretics for heresies unaccompanied by any offensive or indecent expressions. Richard Carlile's sale and publication in 1819 of Tom Paine's Age of Reason was held to be blasphemous, so was the poet Shelley's Queen Mab. But by the middle of the 19th century the object of the crime of blasphemy was no longer to inhibit reasonable comment or criticism in any way, but to protect Christian sentiments from insult or ridicule. Heresies, reasonably and moderately argued, were no longer blasphemous.

The logic of the law was not clear. If the law wanted to prevent language offensive to believers, it would also have to punish such preaching as offended the feelings of non-believers.

To say that the crime lay in the manner and not in the matter of publication looked like an attempt to evade, and explain away a law which had ceased to reflect contemporary social attitudes. But that at least was how the law had developed.

Controversy

In 1857, a judge defined blasphemy as "a matter relating to God, Jesus Christ and the Bible, or the Book of Common Prayer, intended to wound the feeling of mankind and to excite contempt and hatred against the church by law established, or to promote immorality.

"Publication intended in good faith to propagate opinion on religious subjects, which the person who publishes them regards as true . . . are not blasphemous merely because their publication is likely to wound the feeling of those who believe such opinion to be false."

That seemed to give the quietus to what Sir Matthew Hale said 200 years before. And a quarter of a century later —in 1883 — it was said that "if the decencies of controversy are observed, even the fundamentals of religion may be attacked without a person being guilty of blasphemous libel."

If it is a "real quiet, honest pursuit of truth" and not an insult to the opinion of the majority of Christians, it is no longer a crime.

The illogicality of the law which concerned itself with the manner of attacks on religious beliefs was compounded by a gross anomaly. If the religious beliefs under attack were not Christian ones, no offence of blasphemy was committed.

But even that anomaly seemed to have disappeared when the courts themselves, in another context, divorced the civil law from its uneasy union with the doctrines of a church (albeit the established church of the State) that no longer exercised a monopoly of spiritual power in British society.

In 1917, the House of Lords held that the objects of the Secular Society were not criminal because of its denial of the validity of Christianity; and it upheld the society's claim to charitable status.

Four years later there came the last prosecution for the crime of blasphemy before Gay News was hauled into court last summer. There the Appeal Court held, in effect, that causing offence to someone of strong religious feeling was not to be the legal test of what constituted blasphemy. The real issue was whether the publication might provoke a breach of the peace by anyone sympathetic to Christian ideals, even though not a practising Christian.

In a pluralist society with a plurality of religious faiths and a strong vein of agnosticism and atheism, the Church of England has everything to lose in asserting its earlier pre-eminence through the courts breathing new life into the relics of the canon law.

Christian leaders do not noticeably display an undue desire that such a law should be perpetuated. They are content that the laws of obscenity and for the maintenance of public order will suffice to protect the more outrageous attacks on religion.

Opposition

These extra-legal considerations could not, and did not influence the Court of Appeal. It had to apply the law, warts and all, as it saw it. But clearly the revivification of a 300-year-old precedent which most lawyers regarded as long since having been consigned to near-oblivion, will serve only to fan the flames of opposition to the law of blasphemy.

The reformers will probably leave the judicial process where it stands—and not pursue an appeal to the House of Lords —and concentrate their efforts in Parliament.

R v. Lennon and Gay News Ltd., Times Law Report, March 17, 1978.

Grand slam gives Welsh reason to celebrate

THERE WERE justifiable scenes of rejoicing at Cardiff after Wales beat France 16—7 to win the Championship and the Grand Slam. It was a truly remarkable achievement from one of the most resilient teams I have seen. Add to their organisation players of genius; a large measure of patriotism; and unquenchable spirt and it becomes easy to see why this is such a good Welsh side.

Victory was even more noteworthy because France led by seven points after 25 minutes. First Skrela burrowed his way through a maul after a line-out, then Vivies took an indirect penalty and quickly dropped a goal. The immediate period was the critical time for Wales and like real champions they delivered a series of blows that shattered French morale.

They responded by wheeling a French put-in, and Martin gave the ball to Bennett who jinked

RUGBY

BY PETER ROBBINS

over. He converted his try. Then Edwards gave Wales the lead with a snap drop goal after Martin had won the line-out, helped by Price.

Bennett scored his second try after a surge by Edwards and a quick flip inside by J. J. Williams. So in a matter of 10 minutes Wales scored 13 points, and from then on never looked like losing. Fenwick added a drop goal just before full time.

There were several bases of the Welsh victory. The most important was the containment of the French back row and their scrum-half, Gallion. Each time Bastiat tried to go through with Rives, Skrela or Gallion, so Quinnell, Squire and Cobner tore into them. Quinnell set a colossal example, and Wales owe him much.

With Gallion curbed, France had lost a crucial battle in the war. They also lost the line-out, and the rather unexpected dominance of Martin was of paramount influence.

Both sides varied the length of the line-out, but Martin outfought Haget and Palmie, and his timely catching helped prevent France developing a new rhythm.

In the second half Edwards could direct the game as only he can.

The economy of his passing, his judgment and positional sense were quite extraordinary. His kicks and Bennett's destroyed the French, and here was another fundamental difference between the two teams, as Vivies made little tactical contribution for France.

Nor did France have the physical presence of Gravell in the centre or the imaginative attacking qualities of Gareth Evans on the left-wing. Twice Evans cut inside beautifully. Only a fine tackle by Belascain on J. J. Williams prevented a try.

J. P. R. Williams was a model of reliability and coolness. When Gallian hoisted the ball there he was waiting for it with relish and in the next moment he was steaming headlong into the French pack. What a source of inspiration and confidence.

These were two qualities that France lacked. Curiously, they could have won had they kicked their penalties. Vivies missed three, all very kickable; and Aguirre failed the conversion, missed a short penalty and hit the post from 60 yards.

Not only did France miss their kicks. Their handling went to pieces in the centre.

Aguirre, of all people, dropped one crucial pass immediately after the start of the second half.

Bertrane and he brought off the same movement that had produced a try against England. For once the Welsh defence was spread-eagled, and Aguirre's failure to hold the ball was tragic.

Class of England side revives old doubts

IT WILL BE surprising if England start its long trail to the internationals next season without exactly the same doubts lingering in their supporters' minds as were there at the start of this season and the season before.

They have again beaten the two weakest sides in the championship and lost to the two most difficult, so placing themselves fairly and squarely in the middle of the league championship table. England's pride has been salvaged in a typical English "we didn't do too badly," way.

But their win over Ireland by 15 points to nine was hardly more positive than a relief that the form book was proved right, and there was an underlying fragility which can only be removed when one or two players are found who can stamp some class on the centre of the field.

Predictably the England forwards turned in their reliable quota of hard graft against an Ireland pack that could not raise its game to the spirited level it had shown a fortnight earlier in Dublin against the Welsh.

Their reward was a try from the flanker Dixon, in the first half, converted by scrum-half Young, and a try in the second half on the right wing by left wing Slemen after the English backs had swung the ball along the line with enough speed and accuracy to split open the Irish defence. Young again converted from the touchline.

Both these tries showed up in stark relief the glittering prizes which awaits England if it can add flair to sound technique

Ireland has snatched victory away from England at Twickenham before, and late in the game on Saturday they, too, chose the weapon of a good old-fashioned break in the centre. The man to execute this—three in succession —was Mike Gibson winning his 65th cap.

He brings a breadth of experience to this improving Irish side and a spirt of adventure (rather than just plain endeavour) which is the essence of Rugby three-quarter play.

But the English defence held firm, aided once by the referee unintentionally obstructing Gibson.

If their approach looked at times a little deliberate they should be forgiven for trying to do well the things they know they can do rather than risk being over-ambitious to play roles for which the are unsuited.

There are severe limitations to this side and everyone knows it but great patience has been shown over the past two seasons and gradually the gaps are being filled.

Undoubtedly the search will go on for the players so badly needed to produce a well-rounded side. But great sides do not come often or easily.

Stuart Alexander

Liverpool fail at the finish

THE LEAGUE Cup Final, between last season's champions and the European Cup-holders, Liverpool, and this season's near-certainty, for the league title Nottingham Forest, did not come up to expectations. Although there was much to admire, it produced an unsatisfactory goalless draw.

A combination of brave goalkeeping by the inexperienced Woods and indifferent finishing prevented Liverpool from translating their all-round superiority into goals.

The experienced and more sophisticated Merseyside machine would have taken the lead during the first half had Dalglish not squandered the best chance of the game in the opening minute. They also had the misfortune of a well-executed goal being disallowed for offside.

But Forest did provide

SOCCER

BY TREVOR BAILEY

occasional glimpses of their attacking prowess, such as when Clemence was called on to tackle the ever-dangerous Woodcock well outside the penalty area, and when O'Neill shot just wide of the far post.

After the interval Liverpool dominated the proceedings. They besieged the hard-pressed Forest defence with shots and a string of corners, without being able to put the ball into the net.

Yet just before the final whistle, first Woodcock and then O'Neill almost secured a goal—which would have been a travesty of justice.

Extra time proved an anti-climax. The Midlanders appeared to have run out of breath, and the Northerners out of ideas. So it will be necessary for another confrontation at Old Trafford on Wednesday.

On this showing Liverpool should win the replay by at least two goals, provided that their shooting can match the precision of their approach work.

Without the industry and class of the Cup-tied Gemmill, Forest lost the mid-field battle against their opponents' four-man half-back line, in which McDermott was outstanding.

This meant Withe and Woodcock did not receive the service to which they are accustomed. It was possible a mistake to play their talented winger, Robertson, quite so deep. He almost invariably had to beat Case before he had the opportunity of taking on Neal.

As a result of their numerous campaigns, both in England and on the Continent, Liverpool have learned the importance of possession. They are prepared to stroke the ball from colleague to colleague as they probe for an opening. But some of their build-ups were too slow and too predictable.

It often took 10 passes before the ball arrived in the Forest penalty area. One felt it could have been achieved by two or three passes on occasion.

Only chance of honour for Ipswich is the Cup

IPSWICH TOWN is many people's idea of the ideally run smaller town big-League Soccer club. The whole aura is one of civilised enthusiasm.

The Board lets the manager manage (and he manages very well, and has modified his heat-of-the-moment recommendation of using flamethrowers against hooligans to consideration of bringing back the birch).

The feeling has been rife for some while that the time was ripe for Ipswich to pull off a major honour to rank with that still-surprising 1961-62 League championship Sir Alf Ramsey coaxed from an unlikely lot of lads.

This was to be the season. But a disastrous run of injuries has blunted Ipswich's League challenge. So it has to be in the FA Cup.

In Saturday's 1-1 draw against Coventry City, Ipswich's England defender Kevin Beattie, who has been plauged with knee and other troubles, made his first League appearance since October 8, although he has had two isolated Cup games.

Obviously, Beattie needed to prove himself in readiness for Ipswich's big date on April 8, their FA Cup semi-final against West Bromwich at Highbury.

He did, admirably, completely outplaying Coventry's exciting attacker Wallace, and displaying his powerful heading abilities. He dovetailed perfectly with his defensive partner—the dour, craggy, graceless but dependable Hunter.

Up front, Saturday's shuffle of Ipswich's attacking cards never really shaped like a match-winning hand. The enigmatic Mariner took a knock or two and sensibly, was the subject of a precautionary substitution.

Coventry City still hover hopefully near a League place sufficiently high to qualify for entry to next season's EUFA Cup, but they did not convince against Ipswich, well though they were led by Yorath, the Wales captain.

Nardiello, with a hand in a protective dressing after two minor breaks, finally fractured an arm, when falling awkwardly in an attempt to shield the hand.

Blyth was powerful and commanding in Coventry's goal, showing that, at last, Scotland have depth in goalkeeping quality to match England's.

It has often been argued that a strong, confidence-bestowing goalkeeper was a missing ingredient in Ipswich's squad, but locals say that the unspectacular Cooper has had an extremely reliable season.

James French

Persian Camp has the class

IT USUALLY pays to follow course winners at Folkestone and it will come as a surprise if to-day's top prize on the right-handed Kent course—the Gay Record Challenge Trophy—does not fall to either Persian Camp or Number Engaged.

These two have both previously won here (unlike the only other competitor, Regent's Choice) and both have been showing smart form of late whereas Regent's

RACING

BY DOMINIC WIGAN

Choice has not been out this season.

The Richard Head-trained top weight, Persian Camp, was winning his second race this season when outclassing Mister Know All in a duel at Fontwell on February 27 and Fulke Walwyn's Number Engaged notched up his fourth victory with a three-lengths success over Rough and Tumble at the last meeting here.

There may be little between them at to-day's weights—Persian Camp is trying to concede 10 lbs to his Lambourn neighbour— but I believe that the undeniable touch of class possessed by Head's Bivouac gelding will see him through.

A year ago Ordnance Hill belied odds of 50-1 on the Tote and an SP of 25-1 when holding off Hardy Kit and Victa Steel in Wolverhampton's Willenhall Hurdle, and it will be interesting to see whether he can make it a double. I expect him to go close without, perhaps, proving quite good enough to contain Victa Steel, who reopposes on identical terms.

But for a minor mistake at one of the earlier fences in Saturday's Aynsley China Cup at Chepstow Midnight Court could hardly have been more impressive and it is not surprising to find his Gold Cup price trimmed from 11-4 to 5-2 in several lists.

Neither the Uplands seven-year-old nor Fort Devon, the 9-4 favourite, will be seen in public before the April 12 attempt at finding the 1978 Piper Gold Cup winner and there is unlikely to be much further ante-post business of note on the race.

For anyone interested in watching an entertaining game of golf, which it is hoped will raise money for the Injured Jockeys Fund, Shirley Park, Croydon, could be the place to be to-day. Jockeys Geoff Lewis, Brian Taylor, Paul Cook, Kipper Lynch, Philip Waldron, David Maitland and Robert Weaver take on Playboy Bookmakers.

FOLKESTONE:

1.45—Conderian

2.15—Jack Madness*

2.45—Persian Camp***

3.15—Princess Arcade

3.45—Rolls Rambler

4.15—Kyriakos

WOLVERHAMPTON:

2.30—Prince's Risk

3.00—Willrae

4.30—Victa Steel**

TV/Radio

BBC 1

† Indicates programme in black and white.

6.40-7.55 a.m. Open University. 9.15 Roobarb. 9.50 Jackanory. 10.05 Boss Cat. 10.25 The Boy from 3B. 10.50 Lippy Lion. 12.45 p.m. News. 1.00 Pebble Mill. 1.45 Bod. 2.40 Going to Work. 3.15 Palm Sunday Songs of Praise from Sudbury, Suffolk. 3.53 Regional News for England (except London). 3.55 Play School (as BBC-2 11.00 a.m.). 4.20 Deputy Dawg. 4.25 Jackanory. 4.40 Hunter's Gold. 5.05 John Craven's Newsround. 5.10 Blue Peter.

5.40 News (London and South-East only).
5.55 Nationwide.
6.20 Nationwide.
6.50 Ask the Family.
7.15 Blake's Seven.
8.10 Panorama.
9.00 News.
9.25 The Monday Film: "The Magnificent 7 Deadly Sins." starring Bruce Forsyth, Harry Secombe and Ian Carmichael.
11.10 To-night.
11.50 Weather Regional News.

All Regions as BBC-1 except at the following times:—

Wales—1.45-2.00 p.m. Bili Pala. 3.55-6.20 Wales To-day. 6.50-7.15 Heddiw. 11.50 News and Weather for Wales.

Scotland—5.55-6.20 p.m. Reporting Scotland. 11.10 Public Account. 11.45 News and Weather for Scotland.

Northern Ireland—3.53-3.55 p.m. Northern Ireland News. 5.55-6.20 Scene Around Six. 11.50 News and Weather for Northern Ireland.

England—5.55-6.20 p.m. Look East (Norwich): Look North (Leeds, Manchester, Newcastle): Midlands To-day (Birmingham): Points West (Bristol): South To-day (Southampton): Spotlight South West (Plymouth).

BBC 2

6.40-7.55 a.m. Open University.
11.00 Play School.
4.55 Open University.
7.00 News on 2 Headlines: with sub-titles.
7.05 Children's Wardrobe.
7.30 Newsday.
8.10 Drama 2.
9.00 John Williams' World of Music with Andre Previn, Cleo Laine, John Dankworth and Paco Pena.
9.50 Americans.
10.40 Open Door.
11.10 Late News on 2.
11.20 Tele-Journal.
11.45 Simple Faith?

LONDON

9.30 a.m. The Red and the Blue. 9.35 Horses, Heroes and Hard Cash. 10.30 The Saint. 11.20 Drive-In. 11.45 Simon in the Land of Chalk Drawings. 12.00 Noddy. 12.10 p.m. Pipkins. 12.30 Indoor League. 1.00 News plus FT Index. 1.20 Help! 1.30 About Britain. 2.00 After Noon. 2.25 Monday Matinee: "Beach Party." 4.20 Clapperboard. 4.45 Warrior Queen. 5.15 Survival.

5.45 News.
6.00 Thames at 6.
6.35 Help!
6.40 Opportunity Knocks.
7.30 Coronation Street. 8.00 A Sharp Intake of Breath.
8.30 World in Action.
9.00 Hazell.
10.00 News.
†10.30 The Big Film: "Odd Man Out." starring James Mason and Robert Newton.
12.35 a.m. Crucifixion '78.

All IBA Regions as London except at the following times:—

ANGLIA

9.30 a.m. So We're Different But . . . 10.00 The Road to Greengables. 11.35 Cartoon Time. 11.30 Winning With Wilkie. 1.25 p.m. Anglia News. 2.00 Houseparty. 2.25 Family. 3.20 The Entertainers—Bernie Flint. 3.50 In Search Of . . . The Magic of Stonehenge. 5.15 University Challenge. 6.00 About Anglia. 10.30 Mystery Movie: Columbo. 12.15 a.m. A Hymn For Holy Week.

ATV

9.35 a.m. No Man Is An Island. 10.00 The Maharajahs. 11.00 Digging for Yesterday. 11.25 Elaine, the Singer of the Song. 11.50 Professor Balthazar. 12.30 p.m. George Hamilton IV. 1.20 ATV Newsdesk. †2.25 Movies to Remember: "The Story of Esther Costello" starring Joan Crawford, Rossano Brazzi and Heather Sears. 5.15 University Challenge. 6.00 ATV Today. 10.30 Left, Right and Centre. 11.00 McMillan and Wife. 12.25 a.m. [illegible]

BORDER

[illegible]

CHANNEL

[illegible]

GRAMPIAN

[illegible]

GRANADA

[illegible]

HTV

[illegible]

SCOTTISH

9.30 a.m. "Tarzan's Three Challenges" starring Jock Mahoney. 11.05 Let's Pretend. 11.45 Oscar. [illegible]

SOUTHERN

[illegible]

TYNE TEES

[illegible]

ULSTER

[illegible]

WESTWARD

[illegible]

YORKSHIRE

[illegible]

RADIO 1 247m

(S) Stereophonic broadcast

6.00 a.m. As Radio 2. 7.02 Noel Edmonds. 9.00 Simon Bates. 11.31 Paul Burnett including 12.30 p.m. Newsbeat. 2.00 Tony Blackburn. 4.31 Dave Lee Travis including 5.30 Newsbeat. 7.00 BBC Northern Radio Orchestra (S) (joins Radio 2). 10.02 John Peel (S). 12.00-12.05 a.m. As Radio 2.

VHF Radios 1 and 2: 6.00 a.m. With Radio 2, including 1.55 p.m. Good Listening. 10.00 With Radio 1. 12.00-12.05 a.m. With Radio 2.

RADIO 2 1,500m and VHF

6.00 a.m. News Summary. 6.02 Ray Moore (S) with The Early Show, including 6.15 Pause for thought. 7.32 Terry Wogan (S). 8.27 Racing Bulletin and 8.45 Pause for Thought. 10.02 John Timpson (S). 12.15 p.m. Waggoners' Walk. 12.30 Pete Murray's Open House (S) including 1.45 Sports Desk. 2.30 David Hamilton (S) including 2.45 and 3.45 Sports Desk. 4.30 Waggoners' Walk. 4.45 Sports Desk. 4.47 John Dunn (S) including 5.45 Sports Desk. 6.45 Sports Desk. 7.02 BBC Northern Radio Orchestra (S). 7.30 Alan Dell: 7.30 The Dance Band Days and 8.02 The Big Band Sound (S). 9.02 Humphrey Lyttelton with The Best of Jazz on records (S). 9.55 Sports Desk. 10.02 The Monday Movie Quiz. 10.30 Star Sound. 11.02 Brian Matthew with The Late Show. 12.00-12.05 a.m. News.

RADIO 3 464m, Stereo & VHF

(Q) Quadraphonic broadcast
† Medium Wave only
464m, Stereo and VHF

6.55 a.m. Weather. 7.00 News. 7.05 Overture (S). 8.00 News. 8.05 Morning Concert (S). 9.00 News. 9.05 This Week's Composer: Tchaikovsky (S). 10.00 [illegible]

[illegible]

RADIO 4 434m, 330m, 285m and VHF

[illegible]

BBC Radio London 206m and 94.9 VHF

[illegible]

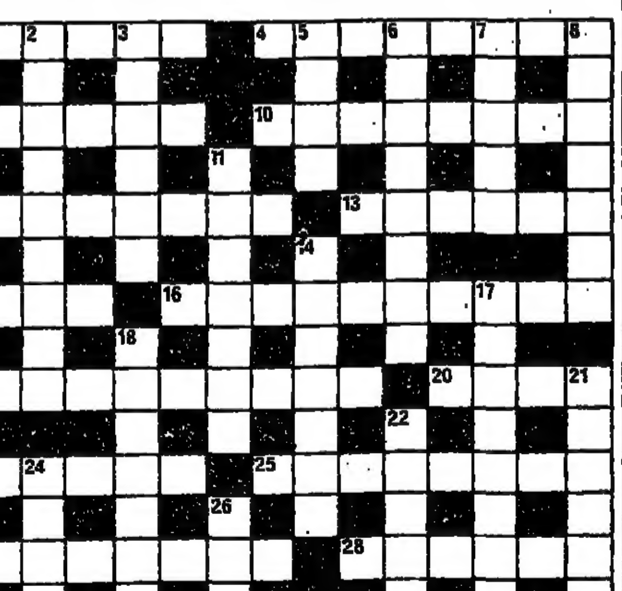
London Broadcasting 261m and 97.3 VHF

[illegible]

Capital Radio 194m and 95.8 VHF

[illegible]

F.T. CROSSWORD PUZZLE No. 3,622



ACROSS

1 American state is about right for one in the forces (6)
4 Accountant takes us to the lake for a chat (8)
9 Notice found in fish freight (6)
10 Perfect with order, a joke before bed (5-3)
12 Pleasant connections observed by the punctilious (8)
13 Make way for a West Country town (6)
15 Something to wear needs a case to carry it (4)
16 He's on the watch, relatively speaking (3, 7)
19 Discover in a foxy sort of way (3, 2, 5)
20 There's a young innocent in the joint (4)
23 Mother takes in an old convict in Spain (6)
25 Old airline makes a call for directions (8)
27 Trembling about a sport can be a fable (8)
28 Holy Writ in masculine cloak (6)
29 Yet nitre can be seen in the future life (8)
30 Steps dad at the customs (6)

DOWN

1 Master an actor's part in a Belgian town (7)
2 Publication of Communist activity (9)
3 Number 1 catch in New York (6)
5 Current terms for a chemist (4)
6 Liquid preparation may be the answer (8)
7 Get up in ruff for money (5)
8 Return alternative for one who has the vote (7)
11 Half ran up to form a class (7)
14 In a word he helps a gambler (7)
17 Principal observes the high tones (4-5)
18 Silver suggested by singular underwear (4, 4)
19 Storm caused by a politician in a fit of temper (7)
21 Risks involving demand for wicker containers (7)
22 Fleet girl goes round the Shop (6)
24 "The —— train of thy amber-dropping hair" (Milton) (5)
26 It has to be wine (4)

The solution of last Saturday's prize puzzle will be published with names of winners next Saturday.

Covent Garden

Il trovatore

by RONALD CRICHTON

A well-conducted revival of *Il trovatore* in the good and less-good senses of the word. Edward Downes was in charge, with whippy orchestral playing and ensemble between stage and pit more secure than is always found when repertory operas come back for the umpteenth time. Unfortunately the security seemed to be bought at the price of the punch and fieriness of which this excellent Verdi conductor is capable. As for the action, Ande Anderson's staging of Visconti's never burningly memorable production was tidy and workmanlike — faint praise for the realisation of a drama in which such mild adjectives count for little.

As Azucena we were to have heard the Russian mezzo Elena Obrastsova, who was indisposed and replaced by the Hungarian, Livia Budai. Miss Budai is a find — a contralto with a voice of lovely dark colour without a trace of fat on the tone, or of the unsteadiness often associated with singers from Central Europe (no doubt many of ours strike them as pallid). Miss Budai's acting was as involved as the tepid surroundings would allow. She has striking features.

The Leonora of Martina Arroyo was voiced in tones round and liquid almost up to the top. The impassivity with which Miss Arroyo now goes through the motions of the part makes Leontyne Price seem like Mrs. Siddons by comparison. One does not expect great dramatic subtlety from the Manrico of Carlo Bergonzi, whose movements are now discreetly economical. But apart from a few rather hard and long-held high notes, his singing is very nearly as good as ever, which means that he is still in the top league of Verdi tenors, still unrivalled for firmness and elegance of line.

The Luna was a newcomer, Franco Bordoni, another interestingly dark voice, not on Friday night well focussed, but capable of a musicianly account of "Il balen," and capable also of representing a human being with strong emotions. Otherwise the most vivid and stylish stage performance came from Richard Van Allan as Ferrando, whose narration in the first scene raised hopes for the performance as a whole that were only partly fulfilled. The elements (including the male chorus in lively form) are there: perhaps later the bonfires will be ignited.

Livia Budai — Leonard Burt

Oxford Playhouse

Skryabin Preludes

by CLEMENT CRISP

The London Contemporary Dance Theatre is on a triumphant visit to the regions. The full house that I found in Oxford on Friday night is a constant, encouraging and well deserved feature of every LCDT engagement on their present Spring tour. We are, in Britain as in the U.S., in the middle of a dance boom, and though this inevitably means that a horde of dwarfish and tiresome enterprises batten on the pioneering achievements of major troupes like LCDT, the healthiness of popular response to dancing is very pleasing.

On this tour LCDT has mounted new pieces by two of its choreographers: Robert North and Micha Bergese. North's *Skryabin Preludes and Studies* seems to me his most accomplished work to date. He uses both early and late Skryabin, and the divergence between the Chopinesque preludes Op. 11 and the more visionary pieces from Skryabin's maturity, which form the musical text, is somewhat disconcerting. But the music's range has inspired dances of great fluency and emotional reverberance for a group of five couples. From them three dancers emerge to provide the psychological drive for the piece: Charlotte Kirkpatrick as an unhappy, questioning and isolated figure; North and Linda Gibbs as lovers whose path moves from passion to rejection and then final acceptance, with Kirkpatrick as a distraught observer of the relationship.

Nothing is made too explicit: the feelings of the central trio colour the dances—North shows a gift for dramatically expressive movement in pin-pointing the mental states of the unhappy woman—but the dance itself is constantly satisfying, constantly inventive. The heart of the work lies in a duet for North and Gibbs of real beauty—to three of the Op. 11 preludes—in which the movement speaks poetically of love, culminating in an exquisite image as the girl's body curls and curves downward round the man.

North's language is more classical than heretofore—*Skryabin Preludes* could be danced by a ballet company—and the work is given a most persuasive performance by Linda Gibbs, Charlotte Kirkpatrick, North and by the entire ensemble. The little cotton frocks in which the girls are trapped must be changed; the piano on Friday night was plainly en route to the knacker's yard: this apart, here is a major acquisition to LCDT's repertory.

Micha Bergese's *When Summer's Breath*, also in the programme, is a meditation on three Shakespeare sonnets (40;54;61) for three couples. Michael Finnissy has set the sonnets in virtuoso style for a soprano (Elaine Barry) with an accompaniment derived from tapping the woodwork of a piano and brushing its upper strings. Bergese's three pairs of lovers exemplify his interpretation of a text with which, I suspect, we are not supposed to concern ourselves. Bettina Bergese's handsome design sets the action in a brilliant, light-filled central area (white floor; white backdrop) and the couples' dress hints at Elizabethan costume. Bergese's three brief duets are by turns lyric, more impassioned, and in the last—and most intriguing—almost ghostly, a sentimental colloquy like that of Verlaine's lovers in *le vieux parc solitaire et glacé*.

Simple, unstressed, *When Summer's Breath* is well-made and well sustained by its dance interest. The same is not true, though, of a solo which Bergese has made for himself as a boxer. *Box*, with a percussion score by William Albright, finds its hero belabouring and being belaboured by his gloves; I find that it neither extends boxing activity into dance, nor does it show off Bergese (a dancer with a fine-drawn style and an intense personality) as a performer.

Charlie Chaplin stage musical for London

A stage musical based on the life of Charlie Chaplin will be presented in London early next year.

Keith Waterhouse and Willis Hall are writing the book which will cover the period from Chaplin's childhood to the time he became a world famous film star.

St. John's, Smith Square

Myrha Saxophones

by DOMINIC GILL

The Myhra Saxophone Quartet was formed "at the Fifth World Saxophone Congress held in London in 1976," and is now based at (though by no means confined to) that haven of unusual instrumental combinations, the National Theatre. The sonority is very much as one would imagine: more dense than lucid, more deliberate than buoyant; four saxophones can hardly ever be said to sparkle. But it's not a disagreeable combination; and especially when the registers are widely spaced, the four voices can achieve a nice variety of colour and inflection. The texture is only a little overpowering when the parts close in, four throaty reeds together: a characteristic saxophone curdle.

Its special qualities notwithstanding, a saxophone quartet can never match the clarity of articulation or nuance of colour and counterpoint of a mixed group, and especially not that of a string quartet. An arrangement of Haydn's Emperor string quartet (op. 76 no. 3) was a curiously uncomfortable choice to open the Myrha's programme at St John's on Saturday night: too close in register, too woolly in timbre, too easily taken as a "joke" arrangement (a student at the RAM some years ago, I remember, made a brilliant arrangement of the Franck violin sonata for bass tuba, and was terribly hurt when his audience laughed).

The evening's one truly imaginative creation for the genre, and proof enough of its perfectly serious potential, was a new piece by Dominic Muldowney under the cumbersome (though usefully explicit) title of *Five Melodies for Four Saxophones doubling Seven More*—an exuberant 11-minute essay in cross-jointed, disjunct melodies, shot through with dark laments and some beautiful dark-purple timbres, leavened by contrast with some pungent big-band echoes.

For the rest, before the Muldowney (which seemed an apt moment to leave, while the sound of the combination still retained its freshness, and didn't yet press on the ear too hard), we heard three pieces of lighter weight. *Sir Dickension Sketches*, by Robert Hinchcliffe, was a sequence of incidental-music cameos that would each have stood up just as well (and perhaps even better) without a short, rather glib spoken introduction. *Pipedreams*, by Stewart Green, for which two members of the group deftly exchanged saxophones for flute and oboe, was a welcome textural relief, but really needed a film to sustain it. A virtuoso Grave et *presto*, by Jean Rivier, tasteful and accomplished, likewise appealed to us, in no uncertain terms, to Take a Look at Life again Soon.

Festival Hall

Messiah

After a week of Bach Passions, it was refreshing to turn to Handel, and to be reminded by the Handel Opera Society that *Messiah* is a work for all seasons, not just Christmas. For its three parts carry the story of Christ's work from his birth, through his death and resurrection to his second coming: "I know that my Redeemer liveth . . . and that he shall stand at the latter day upon the earth." Part Three is given over entirely to a vision of the Day of Judgment, setting the piece in a broader context than that of either a nativity or a Passion narrative.

Charles Farncombe chose to present the work with an admirably balanced small number of singers and instrumentalists; though his own enthusiasm was unflagging, and his invigorating attention to the inner detail of the choral writing revealed many frequently overlooked subtleties, it must be admitted that his forces were not able to sustain the continuous demands he made on them. Dry staccato semiquavers are more difficult to fill with tone than are long sustained lines: there were clearly many good voices among the amateur Handel Opera Society Chorus, but the crisp articulation they had practised well grew more desiccated as the evening progressed.

Among the soloists, Norma Procter's serenity and John Shirley-Quirk's dark-hued power stood out: Elizabeth Harwood mounding phrases with her sounded ill at ease, only fitfully customary beauty of line, while Anthony Rolfe Johnson sang "in the correct tenor attitude, with one foot slightly withdrawn" (as Vaughan Williams said of the first Gerontius). The orchestra rarely gave pleasure, except for Robert Aldwinckle's exhilarating burblings on his continuo organ. Much of Handel's genius was, as ever, revealed; but it did not take long to run out of fingers counting groups who, given a Saturday evening in the Festival Hall, might well have revealed more of it.

NICHOLAS KENYON

National Gallery buys 17th century Dutch picture

Saint John the Baptist Preaching in the Wilderness, a large painting by the Dutch artist Cornelis Cornelisz Van Haarlem (1562-1638), has been bought by the National Gallery from Edward Speelman Ltd., and is now on display in Room 25.

FINANCIAL TIMES

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New York music

The orchestral scene

by ANDREW PORTER

The New York Philharmonic is between conductors. Next season will show whether Mehta can get it to play well. When it visits Europe, it receives notices from my colleagues that seem to tell of a different orchestra from the one that plays its weekly programme, four times over, to subscription audiences in New York. Here, it does not have the tone, the style, the character, of the leading orchestras—from Chicago, Philadelphia, Boston, and Cleveland—that regularly play in New York. Even under Haitink it was disappointing; the first of his two programmes, it is true, began with a No. 96 that was the first well-played Haydn symphony I have heard here in years; but the main work in his second programme, Shostakovich's tragic Fifteenth Symphony, though notably conducted, I thought, was ill played.

Under Boulez the Philharmonic would rise to such occasions as those provided by Elliott Carter's *Symphony of Three Orchestras* and by his own *Rituel* but played the standard repertory in a routine, unloving fashion. This season began with a run of new pieces. To commission four concertos for first-desk Philharmonic soloists seemed like an enterprising idea, but the four works that resulted — Andrew Imbrie's flute concerto; Michael Colgrass's *Déjà vu* for percussion quartet; Vincent Persichetti's Concerto for cor anglais and strings; and John Corigliano's Clarinet Concerto — were unmemorable.

Joseph Druckman's *Chiaroscuro*, a Bicentennial commission, proved to be made early-Ligeti fashion of overlapping washes of sound, dark and dense or simple and shining: after what sounded like 18 minutes of prelude, during which one had waited for something decisive to happen, the end arrived. Lukas Foss's *American Cantata* was a cheap opportunist horror in which some of the noblest lines in American poetry, the Whitman that inspired *Sea Drift* and Roger Sessions's *When Lilacs*, were intercut with cutesy comments from sex manuals and travel brochures. But Leonard Bernstein's *Songfest*, an anthology of American poetry from the 17th century to the present set for six singers and full orchestra, was an admirable piece — composed with his wonted fluency and skill, neatly slipping 12-note rows into catchy numbers, eclectic, entertaining, brilliant, and moving. I was even a little surprised that I liked it so much. Any musician must respond to the technical skill, the felicity, of the facture. But it was rather like meeting someone who has been to charm school and then discovering that the charm is in fact innate, genuine.

Other Philharmonic conductors have been Leinsdorf, Kostelanetz, Maazel (a tame Sibelius 7, a brilliant Prokofiev 5), Klaus Tennstedt, Kubelik (an oddly dull Ninth Symphony), Levine, and Böhm; Andrew Davis and Jochum are still to come. The Philharmonic plays in Avery Fisher — formerly Philharmonic — Hall, on Lincoln Center, a gilded box, an ugly place with good acustics (after the rebuilding) but no atmosphere. All the concerts next noticed were played in Carnegie Hall, a pleasing place even though its café has now been decked out, bordello-parlour fashion, in flock, mirror and gilt.

Carnegie each season houses an "International Festival of Orchestras." This season they come from Milwaukee, Cincinnati, Toronto (Andrew Davis doing Strauss, with Margaret Price, and Bruckner 7), Minneapolis, Baltimore, Saint Louis, and Indianapolis, and from Rotterdam (a course Mahler 1 under Edo de Waart), Budapest, Oslo, and Slovenia; in April, the Concertgebouw, under Haitink, gives a six-concert Beethoven cycle. Beside this, the Philadelphia Orchestra comes once a month. So far, I have heard three of its concerts. Claudio Abbado's Mahler 4 was one of the most moving, "transcendental" concerts I have ever attended: in an age when Mahler has become an everyday composer, played almost as a matter of routine, Abbado and the marvellous Philadelphia players conjured up the spirit of delight — and the spirits of desolation and despair — with a vividness that made one embark on the adventure of the symphony as if for the first time.

*

Riccardo Muti, Ormandy's heir-elect in Philadelphia, was at his worst in Mozart and Schumann 4, shallow and showky, and at his best in Prokofiev's *Ivan the Terrible* (the oratorio Abram Stassevich constructed from the film music), which suits his "Italian bandmaster *in excelsis*" style. When no more than incisive rhythms, careful balances, and immaculate playing are required, he shines. Claudine Carlson sang the alto solos very impressively. The narrator (and also full-blooded actor of Ivan and of the Idiot) was—as in the 1961 première of the oratorio, and the Angel recording—Boris Morgunov, whose uninhibited, Shalyapin-like rhetoric justified doing the piece in the original language.

The Boston Symphony pays four two-day visits to Carnegie each season, playing twice over a programme it has already played four times in Boston. Under Ozawa, the orchestra seems to have coarsened: his handling of *Béatrice et Bénédict*, that "caprice written with the eye of a needle," was neither needle-sharp nor delicate. Frederica von Stade, below form and Stuart Burrows were acceptable, hardly more than that, in the title roles; Sheila Armstrong gave Hero a spreading tone and an uneven line. Instead of Berlioz's brief dialogues, we had actors delivering chunks of *Much Ado* at a snail's pace. On the night when Colin Davis conducted the belated New York professional première of Tippett's *A Child of our Time*, something went wrong with the ventilation. In a swelter, the audience suffered; so did the performers (Zylis-Gara, Chookasian, Alexander Stevenson, a good new tenor, and Norman Bailey)—and the work.

*

The Boston Orchestra works with a good young choir, the Tanglewood Festival Chorus, and *hors série* did Brahms's Requiem, under Ozawa, in the Church of St. Paul the Apostle, a large resonant building just south of Lincoln Center. The cathedral-like acoustics lent impressiveness to such things as the dark, soft tread of the drums in the second movement, enhanced the solo voices (Judith Blegen and Benjamin Luxon) and the choral tone, but blunted the edges of the contrapuntal writing.

The Chicago Symphony also has a good choir, the Chicago Symphony Chorus, trained by Margaret Hillis. The orchestra comes to New York twice a season, with four concerts each time, one of them a repeat. Mahler 8 was its opening bill. Solti long ago mastered the technical difficulties of executing Mahler; his performance of the Fifth last season showed that he has also begun to respond to the emotional and spiritual content. But he injured himself, and Miss Hillis took over the concert. She held the enormous forces together with aplomb. She launched into the first movement with a headlong energy to match Mahler's when he composed it. But on other counts it was an earthbound account of a work that should change the world of those who hear it.

Solti had recovered for the New York première of Tippett 4, a half-hour piece of close, taut, instrumental thinking, punctuated by a sequence of piled-up *Tristanesque* harmonies for horns and by an explosion of hammered chords, and built on developments of themes labelled "power," "vigour," and "lyric grace." There is a slow movement with beautiful singing melodies for flute, cello, oboe, and cor anglais; a craggy string fugue; an exuberant scherzo with virtuoso writing for six horns; an elaborated paraphrase for full strings of a Gibbons fantasy; finally, a brass chorale with almost Messiaenic sonorities. This is a strong and beautiful composition.

Solti returns in May with a Brahms cycle: Symphonies 1, 3, and 4, the first piano concerto with Brendel, the Requiem with Kiri Te Kanawa and Bernd Weikl. Maazel and the Cleveland came in February with four miscellaneous, fairly standard, programmes. There is also the American Symphony, a self-governing body, which gives eight concerts, mingling standard (Berglund conducting Sibelius 4 and Shostakovich 5) and curious (Sarah Caldwell conducting *Pelléas* by Debussy and by Schoenberg) bills. Beethoven, Brahms, Schumann, Brucker, Mahler, Prokofiev, and Shostakovich are the recurrent names in all these events; one could hear Shostakovich 5 five times this season, Prokofiev 5 five times, his first violin concerto six times.

But the "concert of the season" was the belated American première of Boulez's *Pli selon pli*, done by the Contemporary Chamber Ensemble under Arthur Weisberg, its 15-strong forces brought up to 78 for the occasion. During his six years with the Philharmonic, Boulez introduced of his own music only *Rituel* and the two chamber improvisations of *Pli*. He said he was reluctant to impose more of it on "captive" subscription audiences. The Ensemble, not blaming the big orchestras but recognising that "performing difficulties have increased at a faster rate than the traditional format of weekly concerts can accommodate," and recognising too that since its formation, 20 years ago, 15 other contemporary ensembles (Speculum Musicae, etc.) have come into being, plans a new series of special concerts introducing the important big works that the big orchestras don't bill.

This *Pli* was a wonderful start—the boldest, most confident and colourful, and therefore the most beautiful and moving account of the work I have heard, not just delicate, accurate, and poetic but also heroic, exuberant, with none of that sense of hanging on by the skin of the teeth which marked some earlier performances. Phyllis Bryn-Julson, as at the 1975 Prom, was the incomparable soloist; she sings Boulez as beautifully as if it were Bellini.

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Israel and the U.S.

TOUGH TALKING between President Jimmy Carter of the U.S. and Mr. Menahem Begin was expected even before their meeting was postponed as a result of the Fatah incursion into Israel. Now, one week later, following Israel's invasion of the south of Lebanon there is a possibility of an angry confrontation that will not be disguised in any way by the familiar references to the special friendship between the two countries. The scale and ruthlessness of the Israeli operation, going far beyond traditional Israeli retaliation against the Palestinians, may have killed off the peace initiative launched by President Anwar Sadat of Egypt which was already foundering—causing growing friction between Washington and Jerusalem in the process. Mr. Begin can hardly relish an encounter that will take place under the shadow of an American-sponsored U.N. Security Council resolution calling upon Israel to withdraw its 20,000 troops and for their replacement in the area south of the River Litani by a UN force.

Unresolved

Before the invasion of Lebanon there were unresolved differences over Israel's determination to continue the development of sites not only in the West Bank but also in Sinai. This was one important factor stalling the peace dialogue with Egypt.

Equally sharp and central to the Middle East problem is the dispute over UN Security Council resolution 242, the basic and globally accepted framework for an Arab-Israeli peace agreement. Mr. Carter will not give much sympathy to Mr. Begin's contention that the resolution does not necessarily apply to the West Bank because it does not specify this territory by name. In addition Washington has been angered by Israeli protests about Mr. Carter's promise of U.S. aircraft to Egypt and Saudi Arabia and his insistence that their supply forms part of the same package including the delivery of F-16s to the Jewish State.

Yet in the new context created by Israel's military operation the most bitter exchanges will inevitably centre on the problem of withdrawal from Lebanon at a time when the Israelis are pressing on beyond the original objective of a six-mile "security zone," thereby escalating the conflict and increasing the chances of dragging Syria into an open conflict. If they intend to proceed as far as 15 miles, the range of a Katyusha rocket, the risks of wider hostilities will be very great.

As its forces advance towards the River Litani, Israel has made adamantly clear its opposition to the entry of a UN force. So, too, have the Palestinians who want to continue a classic guerilla war against the invaders. Israel believes, with some justification, that a UN force on the scale envisaged would be incapable of preventing Palestinian penetration and keeping the Katyusha rockets at bay. Instead, Lieut-Gen. Mordechai Gur, Israeli Chief of Staff, said yesterday, it wants a collective arrangement: first, with the Lebanese Government; second, with "the Christian communities all over Lebanon"; and third, with the predominantly Syrian pan-Arab peace-keeping force. Israel can make such a proposal knowing that Syria cannot, in political and probably also military terms, totally curb the Palestinians and that the Lebanese Government cannot yet take over any responsibility. In other words, Israel intends its troops to stay indefinitely.

Interim role

The U.S. has acted fast in pushing through the resolution calling for an Israeli withdrawal and the despatch of a 3,000-man UN force as an interim solution until the Lebanese Army, now being reconstituted, can undertake the role. With six countries already having agreed to supply troops, a UN force could be on the ground within a fortnight. The number envisaged would not be sufficient to man a buffer zone effectively. Moreover, they must be prepared to fight the Palestinian guerillas. For Israel, the arrangement would be very much less than perfect. The big question now is whether Israel is prepared to defy the U.S., on which it is so heavily dependent, and how much pressure Mr. Carter is willing to bring upon it. There must be limits to Israel's ability to impose terms on Washington and to resist its wishes.

Anomalies in State pay

SIR DEREK EZRA, the chairman of the National Coal Board, said recently that he would be just about as well off if he were the manager of a West German coalmine. At the same time, his nearest equivalent in the German coal industry would have an after-tax salary at least three or four times his own. Similar statements have been coming from chairmen of other British nationalised industries. Sir Denis Rooke of British Gas, for example, told a House of Commons Select Committee last month that the corporation which he headed operated on the scope and scale of ICI. The chairman of ICI is paid £98,000 a year; Sir Denis is paid £23,000.

Discussion

It is important not to get those complaints out of perspective. Both Sir Derek and Sir Denis, after all, continue to do their jobs, though whether they would have taken them had they known how rigidly their salaries were going to be pegged is another matter. Nor do either they or their fellow chairmen appear to be demanding that their pay should rise to the ICI level overnight. Sir Denis merely told the Committee that he did not think his salary should be only one quarter of that of the ICI chairman.

The complaints are, however, worth serious consideration at a time when the future of the nationalised industries is much under discussion. This week brings the Government's statement on the British Steel Corporation and possibly the White Paper on the nationalised industries as well. Next month there should be a new report from the Boyle Committee on top salaries.

Many of the anomalies in State pay at the top level are well documented. The chairmen of the nationalised industries have received pay increases of only 7 per cent. since the Government turned down the Boyle recommendations of 1974. If those recommendations had been accepted, some of their salaries now would be around the £40,000 level. Yet it is not just that top pay in the nationalised industries has fallen way behind the private sector; there are also anomalies within the nationalised industries themselves. There is the now frequent case of full-time Board members receiving lower salaries than other senior executives.

Yet there is another anomaly which has received less attention. It exists between the mainstream nationalised industries, such as the NCB or British Gas, and those which have come into State ownership through methods falling short of nationalisation. The most extreme case is BP, where State ownership is only partial and where, apart from pay policy, there is no Government interference in the salary structure whatsoever. The chairman of BP is rewarded more or less on the ICI level. Even more anomalous is the fact that any concern either partially or fully owned by the NEB can pay its top people what it likes within the limits of the pay policy.

Together

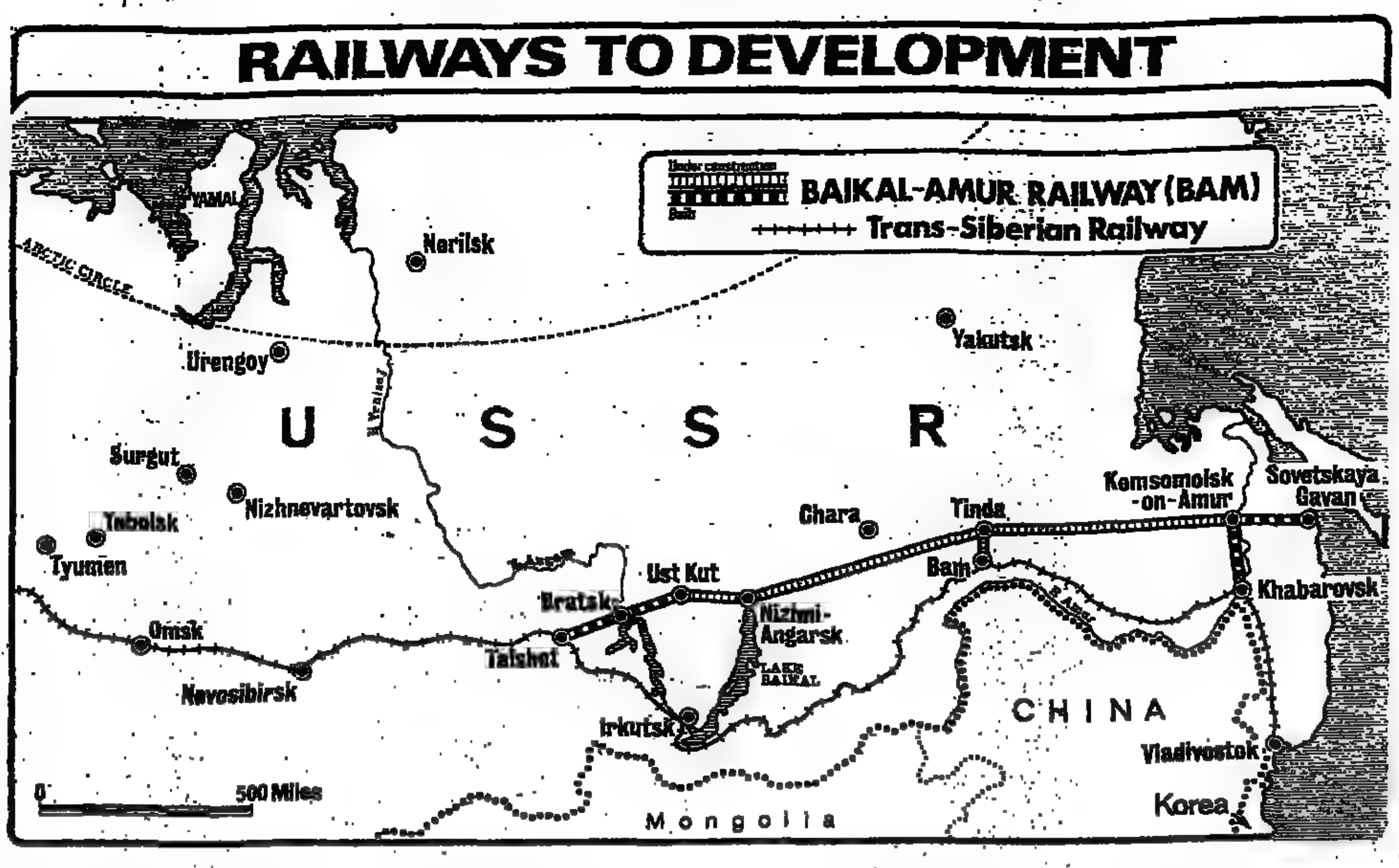
The oddest case of all is British Leyland, a company that looks like requiring State funds for the foreseeable future, yet whose chairman is paid more than twice the amount of chairmen of some of the nationalised industries. Perhaps that is the only way to get good people. But if that is so, the same argument must surely apply to British Gas and the rest of the State sector, some of which perform markedly better than Leyland.

For the Government it is almost always a difficult time to grant large pay increases to a minority who may seem to be well enough off by normal standards. Yet the fact is that every time the decision is delayed it becomes more difficult still. The nationalised industries represent an important part of the British economy: all of them have to compete, at least for staff, in an international environment. That should be taken into account in determining their pay.

The Soviets are in a hurry to exploit Siberia's great natural resources of oil, gas, iron ore, asbestos, nickel, copper and gold

The Russians arouse their white giant

By DAVID SATTER Moscow Correspondent



FROM THE WINDOWS of *the Trans-Siberian Express* the snow-covered birch and pine forest is broken only by the occasional town along the route where old Russian log cabins form a foreground to building cranes and modern apartment blocks going up along the horizon.

The unrelatedness of old and new is typical of the Soviet Union, but nowhere more so than in this vast region where the new is embodied in the Soviet programme to develop Siberian resources, and the old seems dictated by the requirements of nature itself.

Covering 4.5m. square miles, most of it roadless, uninhabited *and covered with thick forest*, Siberia has become the oil and gas base of the Soviet Union in the past 20 years. Steady industrialisation is planned with Siberian expenditures accounting for perhaps half the total Soviet budget by AD 2000.

The key development over the next ten years is the 2,000 mile Baikal-Amur Railway (BAM) which, when complete in 1983, is expected to open the way to the exploitation of some of the world's richest deposits of iron ore, coal, gas, asbestos, nickel, copper and gold in what now is an almost uninhabited region.

Economists at Akademgorodok, near Novosibirsk, seat of the Siberian branch of the Academy of Sciences, told me that because of expected internal and foreign demand for Siberian raw materials, the long run return on investment is expected to be greater than in other parts of the Soviet Union, although construction is several times more expensive because of climatic conditions and the lack of infrastructure.

The scale of the development *effort and the obstacles it faces* are readily apparent. From the towers and lights of Tyumen, the oil metropolis of western Siberia, from which oil and gas workers are despatched by plane to work in makeshift settlements in the far North, to the mob scene in an Irkutsk shop as a few scraps of meat went on sale, to the churning waters beneath the massive Bratsk dam blocking the Angara river, Siberia presents images both of achievement and of enduring problems.

The Soviet authorities are trying to move the country's centre of gravity eastwards. It is estimated that 70 to 80 per cent. of potential Soviet resources, including at least 80 per cent. of the oil and gas, is located in Siberia, although 80 per cent. of Soviet industry is still in European Russia, thousands of miles away.

To save transport costs and maximise the effect of expenditure on permanent infrastructure, planners have adopted the principle of "territorially co-ordinated production complexes." A typical complex includes a set of factories and an energy source all served by a single infrastructure. The concept evolved through a good deal of trial and error. The Bratsk dam existed for many years in an industrial vacuum with a great waste of surplus energy. Now the Bratsk complex includes an aluminium plant, a cellulose plant, and metallurgical and light industry. The policy also reflects the fact that the provision of electricity and support systems is three times more expensive in Siberia than in European Russia.

Impassable marshland

During the course of a trip of more than two weeks across Siberia by train and plane I was struck by the sweep of the Siberian taiga: its immensity and wild beauty. The sun burns through a steel grey sky lighting the snow of a thick forest without paths or roads. The beauty of the taiga, however, is also forbidding because temperatures in Siberia's great forest and permafrost hinterland regularly drop to −40 degrees centigrade in winter and during the short, hot summer the wilds are transformed into impassable marshland by excess water trapped on the surface by the permanently frozen subsoil.

The Soviets have successfully developed new areas of Siberia including the Tyumen province of western Siberia which will produce half the Soviet oil and a third of all Soviet natural gas by 1980, and the Angara River region where Bratsk, a pioneer project of the 1950s is to-day a modern and relatively attractive city of 250,000. Development of the west Siberian oil and gas fields is continuing as Soviet geologists search for new oil deposits and improve the exploitation of old ones. Promising gas deposits are being discovered in the far northern Yamal. But the focus of development now is the BAM railway which will form the *transportation and communications* backbone of a wilderness area three times the size of France.

About 660 miles or 35 per cent. of the BAM route has been finished and construction is proceeding in both directions from Tinda, which is about mid-way along the route and destined to be a major transport centre and principal transfer point from BAM to the Trans-Siberian Railway farther south. Economists at Akademgorodok said that work has been slowed down by the weather and the need to bore tunnels as long as 9 miles through mountains along the route. BAM construction sites are not freely accessible to western journalists, but a section of the railroad not far from the town of Chulman, about 100 miles north of Manchuria, is clearly visible from the air. Two narrow troughs, one of them with the rails already laid, cut precise geometric ribbons through the forest around hills, and converge regularly at the bridges built to traverse scores of winding rivers. A wooden builders' village was visible along the rail bed on the side of a bare hill, but even from a considerable altitude on a brilliant winter morning, it was the only sign of human habitation for as far as the eye could see.

The BAM area, a model of planned development, is to contain nine substantial towns by the mid-1980s and its population is to grow from several hundred thousand to 1.5m. Construction of the railway, at an estimated cost of 10bn. roubles, will prepare the way for the construc*tion of between six and nine* major industrial territorial complexes along the route. They will include a paper plant complex at Ust Kut, just west of the northern tip of Lake Baikal, a copper complex at Chara, drawing on the *huge Udokan copper* mines, where one of the world's richest copper deposits is believed to be capable of eventually yielding 400,000 tonnes annually of high grade ore: the Soviet Union's third largest metallurgical complex at South Yakutia; the transportation centre at Tinda; and a wood processing and mining complex at Urg Al.

Besides completing BAM and creating industrial complexes in the BAM zone which the planners would like to see finished by 1990, the Soviets have other ideas for the development of Siberia's wealth. Perhaps the most intriguing is the exploration and development of possible oil and gas deposits of the East Siberian plateau, now a "white spot" in terms of geological exploration and an utterly remote region with neither landing strips nor roads, roughly the size of Scandinavia and Western Europe. Some Soviet geologists believe it could contain oil and gas deposits richer than those in Western Siberia.

East-west railways

Soviet planners are also considering building a series of east-west railways across Siberia to compensate in part for the lack of an east-west trans-Siberian highway and to open up new, more remote areas of Siberia in much the same way, as it is hoped that the area between the northern shore of Lake Baikal and the Amur river *will be opened by BAM*. They would include a line from Ust Kut, at the western end of BAM to Tyumen, a railway across central Siberia to the west Siberian oil town of Surgut, a line connecting the cities of Surgut, Nizhnevartovsk and Tobolsk, and a far northern route linking the giant Urengoy gas fields and the arctic circle city of Norilsk.

The Soviets are confident of the natural wealth of Siberia. The limits to what they can achieve are limits of manpower and limits of resources. The birth rate is falling, prompting greater emphasis on mechanisation and on improving the productivity of labour. In Siberia, however, the problem is not simply finding people, but persuading them to stay in a remote, inhospitable land where the social facilities and standard of living are still generally lower than in the European part of the country.

In an effort to hold people in Siberia, a salary coefficient is paid on salaries which varies from 20 per cent. in relatively settled Khabarovsk in the far East to up to 100 per cent. in Nizhnikolimsk near the Arctic Ocean with 10 per cent. increments every year or six months. For the approximately 100,000 workers who are *building BAM*, the immediate salary coefficient is 70 per cent. Because of the almost total lack of anything to buy other than basics it is often possible to save the purchase price of a new car with money earned during *three* years on a BAM construction site.

Despite the high pay and other incentives such as 36-day holidays and a free trip to European Russia every three years, Siberia *continues to lose population*, exactly the opposite of the trend which the Government wants to encourage. Sociologists at Akademgorodok said that in the last three years the difference in numbers between *those leaving and those arriving* has been getting smaller, but the mobility rate in Siberia is still 6 per cent. per annum, compared to between 2-3 per cent. for European Russia.

Many who come to Siberia do so only for a few years for the extra money and then return to the western USSR. In 1959-68, western Siberia lost 282,000 inhabitants. During the same period, eastern Siberia had a population decline of 147,000.

The process is very costly to the State because of the high cost of moving and settling new residents. But it is likely to continue unless better facilities and particularly better housing are provided in Siberian towns. Labour shortages, in any case, aggravate the general shortage of resources which inhibits Siberian development.

It has been estimated that moving a man to western *Siberia, for example, and providing* him with all the necessities of life costs 40,000 roubles. Road building in the taiga and swamp costs roubles 1m. a kilometre and, given the high labour costs necessitated by the difficulty of keeping workers in Siberia, the strain imposed on the already heavily committed Soviet economy is enormous even acknowledging the handsome return which that investment is expected to bring.

The Soviets are in a hurry to exploit Siberia's natural wealth. That is why they looked for western partners and advanced technology. For the moment, however, having had mixed success in gaining European, Japanese or American co-operation, they are pressing ahead on their own.

MEN AND MATTERS

Labour's pains on the Clyde

Rugged weather up on the Clyde yesterday led to an unseemly ending to the conference of the Scottish Council of the Labour Party. With the Scottish Nationalists champing on the horizon and various by-elections round the corner, the 400 delegates were subdued in their criticism of the Government. It was left to a delegation of workers from the Clydebank plant of Singer (U.K.) to make the most anguished complaints about scheduled lay offs *to the Prime Minister when he* crossed the Clyde to Dunoon in Argyllshire on Saturday.

Callaghan received the standard standing ovation from the delegates when he was played in by a piper. The piper had *been due to sound off* "Scotland the Brave," but a whispered discussion about whether this might not seem to be trying to be more nationalist than the Nats led to this being changed to Burns's "A man's a man for *all that*"—*which Callaghan did* not seem to find demeaning.

But at 11.45 yesterday disaster struck. Ferry service Caledonian McBrayne suddenly announced that it had had to stop its car ferry and might stop its passenger ferry too. A host of delegates, fearing they would be stuck in Dunoon, fled from the hall. So when 12.30 came and the lads struck up with the Red *Flag there were only* a few voices to be heard — even though the backs of the programme had two verses and the chorus written out so that there would not be a repeat of the red faces of last year among those who did not know the song which is meant to be their creed.

Century's circus

Mentmore was the "sale of the century," but somehow these days centuries seem to be lasting a short time. For on Wednesday a collection which could realise twice as much as the £6m. obtained by Sotheby's last June is to be opened to the public in Frankfurt. After a "circus tour" involving Zurich and possibly New York, the collection will come to the Royal Academy in London. Sotheby's will be putting it under the hammer between June 20 and 27.

"That's the FOURTH close encounter of this kind we've had!"

The collection was built up by the Swiss collector, the late Robert von Hirsch. Rubens, El Greco, Tintoretto, Guardi, Cezanne, Van Gogh, Renoir and Lautrec are among the painters represented, while also in the collection are many Old Master drawings and 18th century and earlier furniture and ceramics.

Mediaevalists will be flocking to the show as among the hundreds of objects crammed into his Basle home von Hirsch had a mediaeval showcase which included such objects as an enamel arm ornament believed to have been part of the imperial vestments of the Emperor Frederick Barbarossa: its pair is in the Louvre.

When the Nazis came to power, von Hirsch gave Goering a painting by Cranach to be allowed to go to Basle. After the war he re-obtained the Cranach. Von Hirsch made his fortune from the family's leather processing works. Improbably, one Italian newspaper has just described him as a shoe maker. When I mentioned this yesterday on the telephone to Nichol Rayner, the director of Sotheby's jewel sales in Switzerland, he scoffed "How could a cobbler build up the biggest collection of art to appear in a London saleroom this century?"

Homely computer

It is good to see prices tumbling in the field of electronics but I never thought that for an outlay of about £60 I could have my own computer, even if a very small one. But that is the approximate cost of the unit which one can obtain by linking a pocket calculator to a standard cassette recorder.

This unexpected marriage is proposed in the April issue of Wireless World. You need a little background to understand the *spider's web of wiring* diagrams in the magazine but the basic points are simple—that your tape recorder needs no modification, your calculator needs only two connectors added, and you need some equipment which can be bought at most electronics stores.

The original idea came from Sweden and took as its starting point the Sinclair Cambridge calculator. Clive Sinclair, chairman of Sinclair Radionics, told me yesterday that they had not yet given any thought to making calculators with the modifications necessary to make the link up a simple matter of plugging in a plug, though he added that they would be doing so.

Sinclair used to run a 25,000-circulation radio magazine, Popular Wireless, while still in sixth form. His firm makes pocket televisions and is developing these together with funds from the National Research Development Corporation.

He said that the link up of calculator and cassette recorder would give you a unit *which could do some of the* tasks now performed by a computer—storing data and controlling stocks, for instance.

Thirty minutes of tape could store a programme of some 600 steps, many times more than on the normal programmable calculator, though the steps would be relatively slow by computer time.

Apparently the new unit could also have some medical applications such as reminding women when to take the pill. It will also allow buffs to play games against their calculator though somehow I question whether this is how the commuter of the future will be spending his train trips.

Stamps abroad

If you don't trust your luck to win at cards in Monte Carlo, don't worry, for you can now take a less risky gamble just a few doors away. Stanley Gibbons has just opened a new overseas branch in the heart of Monte Carlo a short distance from the world famous casino. The new company will deal mainly in rare stamps and antique maps, and will serve the important collector market in Monaco, Southern France and the Italian Riviera. Why Monte Carlo? "To give the many established collectors the *chance to buy from the world's largest stock of rare stamps*," says A. L. Michael, Chairman of Stanley Gibbons International, who just happens to own a home there.

Observer

FINANCIAL TIMES SURVEY

Monday March 20 1978

Saudi Arabia

The world's leading oil exporter now has greater influence than ever in the Arab and developing worlds and the West. This two-part Survey assesses its ambitious development and the related effects on politics and social affairs.

Limited room for movement

By **Anthony McDermott**

ARABIA HAS probably not had such influence in the world as it has to-day since Islam was born there in the seventh century and spread rapidly westwards to north Africa and eastwards beyond Persia. But Saudi Arabia's rise to pre-eminence and influence to-day has been in many ways more dramatic and certainly swifter than the early Islamic conquests.

This new status is proving to be a mixed blessing. Saudi Arabia, given its political, social and bureaucratic make-up, has been—and still is—singularly ill-equipped to cipe with the importance thrust upon it. One example will suffice. Saudi Arabia possesses one quarter of the world's proven oil reserves, and at the same time, because of its size and the comparatively small numbers of its armed forces, it is almost incapable of protecting its valuable assets.

In their less openly patriotic moments, Saudis would admit that their important position in the world is not immediately and directly the result of their own efforts, but more the effect of their colossal oil wealth. The real achievement—and this is a prolonged and unfinishing process—is to come to terms with the effects of this wealth. This involves economic development inside the country, investment in the west and the resulting exposure to alien social and political systems, without damaging the fabric of Saudi society, which is based on the tight rules and regulations of a fundamentalist interpretation of Islam.

The turning point in Saudi Arabia's modern fortunes is well-known—the oil price rises which followed the 1973 Arab-Israeli war. An important development thereafter was the consolidation of an increasingly close relationship with Egypt, the most populous and influential of the Arab states on Israel's borders. Following the assassination of King Feisal in 1975, Saudi Arabia's foreign policy has taken an increasingly flexible and active role. At the same time it has not abandoned its traditional characteristics of moving on the whole, with extreme caution, and reserving its public position on key issues so as not to exclude the ability to influence all the parties to a conflict.

Tenets

The basic tenets of its foreign policy have not changed that much over the years. Its primary concern is with the spread and support of Islamic values. The second, a corollary of the first, is open opposition to Communism and close alliance with the west. The third concerns a solution to the Arab-Israeli conflict and the need for Arab unity. The fourth is identification with the aspirations of the developing countries. It believes strongly that it should be able to alter the existing economic imbalance against the Third World by using its wealth—in its role of a country still underdeveloped in terms of infrastructure and the shape of its domestic economy—as aid and as a negotiating lever against the industrialised countries.

One result of these far-reaching principles is that Saudi Arabia receives a constant stream of vistors from all parts of the globe (except the East Bloc) on a scale perhaps unequalled eleswhere. It has meant, too, that in the Arab world, it has had a hand in bringing Egypt and Syria together after the acrimony of the second Sinai agreement and the Lebanese civil war. Its mediation efforts have involved it, too, in Western Sahara and between Syria and Iraq. Its concern with the spread of Left-wing influence has led to its wooing the People's Democratic Republic of Yemen in Aden with aid, and checking the Gulf states and North Yemen for signs of internal subversion and hostile policies. With Iran there is a mixture of competition—Saudi Arabia is keenly aware of how much more powerful militarily the Shah is—and shared interests, for both countries are apprehensive of the effects of the Arab states becoming radicalised and the spread of Soviet influence.

Saudi Arabia's aid policies tend to be dominated by concern for countries with Islamic connections, stretching from Niger in Africa to Pakistan (where the reassertion of strict Islamic values is no mere coincidence), to Indonesia in the Far East.

In the past six months Saudi Arabia has suffered two disconcerting experiences in its foreign policy. These emphasise the fact that, while there is considerable confidence that domestic developments are making satisfactory progress, it is events abroad which cause most alarm.

The first was President Sadat's decision to go to Israel last November. It is unproven whether Sadat did or did not consult King Khaled before going. But the statement issued by the Saudi Government at the time reflected less concern with the taboo-breaking exercise of an Arab leader negotiating directly and publicly with Israelis than its concern with the effects on Arab unity.

Sadat's initiative put the Saudis on the spot, for their aid to Egypt had been on a massive scale and virtually ensured that the President stayed in power. (Saudi aid goes on a considerable scale to all the frontline forces such as Syria, Jordan and the Palestine Liberation Organisation besides Egypt.) But by deciding alone to go to Jerusalem, Sadat had awakened Saudi Arabia's worst fears of what might happen in the event of failure and diplomatic deadlock—a process which has been stimulated further by Israel's large-scale invasion of south Lebanon.

Saudi Arabia's worries about what might happen if President Sadat were removed or forced to resign mean in effect that he has to be supported in almost everything he does short of concluding a bilateral deal with Israel. Otherwise they see a somewhat alarmist sequence of events whereby he might be replaced by a ruler of the Left, who would invite the Soviet Union back in with political and military support. Thereafter a radical alliance with Syria would be forged to which Iraq might attach itself. King Hussein would be isolated in Jordan and Saudi Arabia left alone as the only sturdy bastion against anti-Western and pro-Communist Arab countries.

One of Saudi Arabia's aid techniques is to provide countries such as Syria with comparatively limited supplies to ensure, as it were, good behaviour. This method had its desired effects on Damascus last year when Riyadh wanted to show its disapproval of Syria's role in Lebanon. But in the present mood of discontent and disarray in the Arab world, there are limits to this approach, too, it remains a possibility that in the absence of Saudi aid either President Assad or Mr. Yasser Arafat, the PLO leader, might be tempted to turn to the more radical Libyans for assistance.

The second setback has ben in Somalia, where Saudi Arabia gave aid which contributed to the decision by President Siad Barre to eject its last Soviet military advisers last November. The outcome, which Riyadh does not seem to have considered, has been that Somalia has suffered a heavy military defeat and the Marxist-Leninist Government in Ethiopia, far from being overthrown, has consolidated its position. This could well have the effect of convincing the Saudis that to step outside its usual cautious procedure is highly risky.

But another aspect of the failure over Somalia is that Saudi Arabia is aware that it failed to receive the follow up Arabia senses that it is not receiving the returns it would like for its generally moderating roles in the Middle East, and in the Organisation of Petroleum Exporting Countries (OPEC). it might have expected from the West in its anti-Communist drive. In wider terms Saudi

In this context, Saudi Arabia has controversially put the broader issues of the Western economies above the narrower interests of the oil producers. It attempted to put the weight of its enormous oil productive capacities last year to preserve the two-tier pricing system after the OPEC conference in Doha in 1976. At the Caracas OPEC conference last December, Saudi Arabia put its weight behind a price freeze for 1978, a position it has endorsed since, in spite of the loss of earning power from the weakening of the dollar.

Frustration

But what has Saudi Arabia obtained in return? At the heart of this frustration lies its relationship with the U.S. The U.S. now depends on Saudi Arabia for up to one quarter of its supplies of oil, and Saudis have put as much as $40bn. into the U.S. economy in the last four years. In return the U.S. is undertaking massive efforts to develop and modernise the Kingdom's economy and its armed forces.

At the same time, the U.S. is pressing Saudi Arabia to raise its oil production capacity to meet its demands in the middle of the next decade and is urging it to continue its moderate role in both the Middle East and OPEC. But it is becoming increasingly clear, too, that Washington is not giving Riyadh the public acknowledgment that it desires for its efforts so far. For example, Saudi Arabia will be deeply distressed if Congress blocks the sale of 60 F-15 fighters. Saudi Arabia is obviously anxious on the one hand for the prestige and fighting power of the Air Force to be enhanced. But they will not be delivered before the end of the decade.

What is of more immediate interest — and the delicate but important matter of pride is involved — is that Washington should be demonstrating publicly that the joint interests of Washington and Riyadh are at least as important as those of Washington and Jerusalem. But again, the Saudi room for manouevre is limited. It cannot turn to the Soviet Union as an alternative for it has no links with any members of the East Bloc. Furthermore the economic fortunes of the two countries have become so intertwined that any violent reprisal could ultimately be counter-productive.

In the end there is probably only one set of circumstances which would bring Saudi Arabia into direct conflict with the West — another war with Israel. Then it would be forced to choose between remaining the friend of the U.S. and the West, or playing a pan-Arab role. Logic could well present a reasonable case for holding back from an oil embargo or military involvement. But Saudi Arabia cannot operate as a key influence behind the scenes in the Arab world during times of peace and then opt out in war. The perils of such a dilemma are obvious.

In any fighting, Saudi Arabia's comparatively inexperienced troops and new equipment would be likely to suffer heavy losses. This in turn would raise domestically some difficult questions about the wisdom of having spent enormous sums on the armed forces. On the economic side, the inevitable call for the imposition of an Arab oil embargo would be almost irresistible — with the problems this would inevitably cause to western economies and Arab investments, and at second remove the Saudi economy.

This comes back to the heart of the matter for Saudi Arabia is half-way through a $142bn. five-year development plan aimed at reshaping the Kingdom and demonstrating the Government's concern for the welfare of its citizens. As the article on the economy (Page IV) indicates, the Government has been having success in reducing inflation, breaking down bottlenecks and establishing the basis of an infrastructure to cope with proposed scale development.

There is, too, confidence that the existing political structure, led by King Khaled, Crown Prince Fahd and members of the royal family and an informal and traditional system of consensus, and guided above all by the principles of Islam is sufficiently capable of withstanding the strains imposed by rapid economic development, broader education and experience of the outside world. But this internal confidence could be shaken if Saudi Arabia feels it is not receiving the support and acclaim it feels it deserves from its friends outside the Arab world.

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SAUDI ARABIA II

Political life in Saudi Arabia is dominated by the royal family, headed by King Khaled. The main criticism is that the country's approach to development is not adventurous enough. But Saudi Arabia is too well aware of its position as an Islamic leader to allow outside pressures to change its traditional methods too swiftly.

Politics

EARLIER THIS year a Saudi newspaper published the text of draft proposals for municipal elections. Some observers, particularly in the West, have taken this to be an acknowledgment by Saudi Arabia that its traditional monarchical system feels some pressure for the need to evolve, and to become more obviously responsive to the voices of its people.

Such a view is generally mistaken. An important point to be made about the political system of Saudi Arabia is that as the Kingdom has increased its influence in the Arab world and outside, through oil, money and Islam, so its whole way of life and values have been increasingly passed under a microscope for detailed examination by the rest of the world. There has been a tendency for people to conclude that the existing system is an anachronism and will therefore have either to adapt itself or be cast aside.

From time to time, mention has been made of introducing new governmental bodies. In 1975, for example, Crown Prince Fahd talked of the formation of a consultative assembly to bring in younger, non-royals into the decision making processes. But nothing has developed since then. Indeed, there is no evidence inside the Kingdom of concerted moves to change the existing system. People questioned about their reactions to the article about municipal elections tended to show complete indifference to the question of initiating a formal voting process, even into local government.

Saudis have an innate sense of confidence in the way King Khaled, the royal family and ministers run the country, in spite of exposure through travel, education and the transfer of technology to other political systems and mores, and in spite of rapid economic change and the emergence of new social attitudes and classes.

Saudi Arabia has in the last quarter of a century shown considerable stability. It survived the trauma of the formal deposition in November, 1964, of King Saud and his replacement by King Feisal, through the crucial agreement and support of the royal family and endorsement of the ulema, the religious leaders. It survived in June and September, 1969, two abortive coup attempts. In March, 1975, King Feisal was assassinated by a deranged nephew. Nevertheless, the succession to the throne passed smoothly to the present King Khaled.

Left. King Khaled: Now in better health. Above. Crown Prince Fahd: an experienced number two.

Speculation

During the period of King Khaled's ill health last year, there was speculation that he might step down in favour of Crown Prince Fahd. His health has now improved and the rumours have subsided. But more important than the speculation were two points. The first was that King Khaled continued, in spite of his poor health, to be treated fully as the King when important decisions were involved. Second, he has in Fadh a man able and experienced in politics, and not reluctant to govern if called to succeed to the throne.

There are useful parallels to be drawn with Kuwait, where the Ruler died on the last day of 1977. There as in Saudi Arabia, were a similar development to occur, the transfer of power to an experienced number two would almost certainly be smooth. If there was to be political jockeying it would be on the third level—for the position of Crown Prince. Princes Abdallah and Sultan are those most frequently mentioned as contestants for this position. But both royal families have made every effort to ensure that there would be contiuity and stability in government.

At the heart of Saudi politics is the royal family. Thanks to the prolific King Abdel-Aziz, who had over 40 male heirs at the time of his death, it may currently number between 4,000 and 5,000, including grandsons and daughters. The family, through its country-wide tribal links, acts both as a channel of information for people's feelings and as an informal but intensely loyal security service.

The royal family is highly sensitive to what it regards as impertinent probing into its private affairs and its running of Government. But with Saudi Arabia's influence on the increase it is inevitable that outsiders and foreign governments will seek more and more to understand how decisions are made and by whom. But Saudis remain extremely secretive about the political processes of the Government.

King Khaled and Crown Prince Fahd work well together in tandem. A certain prominance has been given to the notion that Fahd is the real power behind the throne. This derives from the fact of the King's ill-health and from his being closer to the tribes and not as instinctively inclined as Fahd towards international politics and the day-to-day problems of modernisation. Nevertheless, Khaled is now deeply involved in the resolving of all important decisions.

Through the extended royal family and its connections, decisions are arrived at through a process of consensus and in response to popular attitudes. The decisions themselves are made in a series of conclaves, whose exclusivity reflects the importance and nature of the issues under discussion. For some of the most intimate discussions, the King might consult only his three half brothers. (A detailed analysis of the family's genealogy is given on page XIX.) Other meetings might include Prince Fahd or Prince Abdallah, the second deputy Prime Minister, and commander of the National Guard. Others might involve the 40 or so members of the Council of Elder Princes. At each stage, professional advice from relevant ministers or advisers would be sought, but the ultimate decisions would lie with these groups.

If a division is visible within the family it emerges over the question of the pace of modernisation. It also reflects the overall political balance in the family. On the one hand, and in favour of a more adventurous approach towards development, is a group led by Crown Prince Fahd. He can look to the support of six other princes, all born of the same mother and known as the "Sudeiri Seven." These are Sultan (Minister of Defence and Aviation, and therefore in command of the armed forces), Salman (Governor of Riyadh), Nayef (Interior Minister), Sultan (Deputy Governor of Riyadh), Turki (Deputy Defence Minister, and as announced on Riyadh Radio on September 6 appointed the head of intelligence), and Ahmed (Deputy Governor of Mecca).

Tradition

The King is associated with the more conservative and traditionalist grouping, one of whose other key figures is Prince Abdallah Ion Abdel-Aziz. His mother belonged to the important Sharmmar tribe in northern Saudi Arabia and since 1962 has been in charge of the National Guard. This is in the process of being re-equipped and retrained by the Vinnell Corp of the U.S. Its importance lies first in its being made up of tribesmen, primarily from the central Nejd province, well-known for their fierce loyalty to the Wahhabi dynasty (they have responsibility, too, for the oil fields). Second, with an eye to army-backed coups in other Arab countries, it constitutes a counterbalance and check as well as a complement to the formal armed forces.

Abdallah's appointment as second deputy Prime Minister has much to do with Khaled's desire to counterbalance the Sudeiri clan, and Abdallah enjoys, in addition to the King's support, that of his half-brother Mohammed (the Governor of Medina), and Mishal (the Governor of Mecca) and the late King Feisal's son Saud (the Foreign Minister).

At the same time it is important to feed into the Saudi governmental system the role of the ulema, the religious leaders. It is a source of current speculation whether their influence, which has in the past been especially noticeable on the upper echelons of the royal family and as a counterweight to the modernising tendencies of the Council of Ministers, is waning. Some observers have concluded that the apparent reinforcing of Islamic edicts on such things as western dress are sops to keep them contented. Nevertheless, it is significant that the ministries of Justice (Ibrahim el-Sheikh), Education (Abdel-Aziz Khuwaiter) and Higher Education (Hassan el-Sheikh), all of which are closely connected with Islam and the shaping of future Saudi society, are held by people known for their conservative views of Islam.

The royal family has delegated some control of Government positions and offices to people outside its immediate circle. In the present cabinet princes occupy eight—admittedly important—posts out of 26 (and all provincial governors and their deputies positions). But as a sensible insurance against the future they have worked to have young princes well educated to occupy important governmental positions. At the same time, there have come to the fore in the Council of Ministers a number of highly-talented non-royal technocrats such as Ahmed Zaki Yamani, the Minister of Petroleum and Mineral Resources, Dr. Ghazi el-Gosaibi, the Minister of Industry and Electricity, Mohammed Ali Abu'l-Khail, the Minister of Finance and Economy, and Hisham Nazer, the Planning Minister.

It is believed that in the current major debate behind the scenes about how far Saudi Arabia should push its role publicly on such crucial issues as oil, relations with the U.S. and the Middle East conflict that the royal family is advocating characteristic caution, while the non-royal technocrats, comparatively without political power, seem tantalised by the political challenges which raising, say, the productive oil capacity to meet projected long-term demand levels might bring.

The Council of Ministers was initially set up by one of King Abdel-Aziz's last decrees before his death in November, 1953. Its duties were more carefully defined in statutes issued in May, 1958, but then as now, even though there is more theoretical responsibility on the monarch for decisions, the council's role is largely to formulate policy and to recommend its execution.

Hitherto this system showed every sign of being able to cope with the increasingly complex decisions which are being asked of it. One key will lie in expanding the dialogue between the royal family and the growing ranks of Western-educated technocrats. There are three possible areas of strain which will have to be confronted in coming years. The first will come with the increasing sophistication of the economy and the problems of running a changing society, which will inevitably increase the influence of the technocrat. Second, the traditional *majlis* where any person of any rank may come and proffer his problems, complaints or suggestion to his sheikh, tribal leader or even the King himself, may be weakened as Government becomes more bureaucratised and centralised. In this process the direct and traditional link and accessibility of the ruler and his subjects may become eroded.

The third challenge is likely to come from the emergence of new social classes, from people who through their jobs as civil servants, businessmen, engineers, army personnel, and skilled workers may claim recognition as a result of their contribution to Saudi Arabia's economy for the first time because of the influence they exert rather than their family background or tribal links.

Pattern

The system keeps going—and will continue thus for some time—for various reasons. First, even if it does not fit neatly into western patterns of acountability, it is broadly responsive to and aware of what the Saudi public wants. Second, there is considerable pride in the way Saudi Arabia's position in the world has been enhanced and this is attributed to Islam's moral guidance. Third, it is clear that whatever the potential contradiction between a system dominated by the royal family and Islam and the emergence of a more materialistic society there are few indications of discontent with the way it works. Fourth, there is the ultimate solidarity of the royal family itself. Invariably there are disagreements, but in the end personal ambitions are likely to be subordinated to the interests of the family as a whole. For it requires limited insight to understand that a serious split in the House of Saud would endanger the survival of the whole political edifice.

Anthony McDermott

ISLAMIC CALENDAR

This is based on the Hijrah, the migration of Prophet Mohammed from Mecca to Medina which took place on July 16, 622 AD, which is year one in the Islamic Calendar. It is the official Calendar in Saudi Arabia. The Calendar is lunar, and each year has 354 or 355 days, the extra day being intercalated times every 30 years.

There are twelve months:

1. Muharram	30 days	7. Rajab	30 days
2. Safar	29 days	8. Shaaban	29 days
3. Rabia I	30 days	9. Ramadan	30 days
4. Rabia II	29 days	10. Shawwal	29 days
5. Jumada I	30 days	11. Dhu'lQa'da	30 days
6. Jumada II	29 days	12. Dhu'l-Hijja	29 or 30 days

The Hijri year begins on the day of the month indicated:

ISLAMIC	CHRISTIAN	
1390	1970	March 9
1391	1971	February 27
1392	1972	February 16
1393	1973	February 4
1394	1974	January 25
1395	1975	January 14
1396	1976	January 3
1397	1976	December 23
1398	1977	December 12
1399	1978	December 2
1400	1979	November 21
1401	1980	November 9

Festival dates are determined by the moon, and there are many local differences. It is therfore advisable to avoid them (especially Id al-Fitr) by some days both before and afterwards.

Meulid al-Nabi (Prophet's birthday)	February 20
Leilat al-Miraj (Ascension)	July 3
Ramadan begins	August 4
Id al-Fitr (end of Ramadan)	September 4-7
National Holiday	September 12
Id al-Adha (Feast of the Sacrifice)	November 11-14
1st Muharram	December 1
Ashoura	December 12

FINANCIAL YEAR

This is of 12 months' duration, but begins in Rajab, the seventh month of the lunar Hijri year. Thus, the year 1396-97 lasted from June 28, 1976, until June 17, 1977, and the year 1397-98 will last from June 18, 1977 to June 7, 1978.

Although Saudi Arabia's emergence as the biggest aid donor in the world after the U.S. derives partly from a humanitarian desire to assist poorer nations, the direction of this aid is also influenced by political considerations and is used as a foreign policy tool.

Aid policy

SAUDI ARABIA is the biggest aid donor in the world after the U.S. According to OECD and UNCTAD figures the Kingdom disbursed no less than $3.6bn. in 1976, which worked out at 5.2 per cent. of GNP, compared with about 0.25 per cent. for the U.S.

Among the motives for Saudi aid is the basic humanitarian desire to benefit poorer nations—an extension of the Muslim principle of zakat or alms giving. Another is the belief that the 1973-74 oil price revolution, in which Saudi Arabia played a key part, was a blow struck by all developing countries at the western world's economic system, by which the industrialised countries paid cheaply for raw materials while largely excluding the developing countries from the manufacturing process on which much of their wealth was based. Until such time as other developing countries can change the terms of trade as dramatically as have the OPEC countries, Saudi Arabia feels it should assist them out of a feeling of Third World solidarity—although it believes that the real responsibility for aiding them lies with the industrial countries.

An extension of this motive is the feeling that the Arab states in particular have suffered in the past at the hands of the western countries. Now the Arab world has the opportunity to strengthen itself as part of a general Arab revival. For Saudi Arabia this Arab revival extends logically to a wider Islamic revival.

Saudi Arabia does not see itself compensating poorer countries for the rise in the cost of their oil imports for which the Kingdom was to a large extent responsible. Instead it prefers to look on aid to countries badly affected by the oil price rise as an obligation resulting from the Kingdom's sudden acquisition of wealth (its aid programme barely existed before this decade).

Strength

But the fact is that the direction of Saudi aid is to a considerable extent dictated by political considerations. While Saudi Arabia's power with the industrial countries derives more from its role as an oil exporter, its influence both in the Arab world and within non-Arab Africa and Asia is based largely on its financial strength.

Aid is used, in part, as a foreign policy tool. This barely applies to such institutions as the Saudi Fund for Development (SFD), the State's outlet for direct project aid, although even the SFD does not make loans to countries with which Saudi Arabia is on bad terms. But the political dimension shows in Saudi Arabia's disinclination to become too deeply involved in multilateral aid giving. It has contributed to the IMF recycling facilities and to the World Bank, and has paid $1.9bn. over the 1973-76 period to the capital of OPEC and OAPEC aid and financial institutions, such as the General Organisation for the Development of Egypt (GODE), the Arab Investment Company and the Arab Bank for Economic Development in Africa (ABEDA): it is also paying a large sum ($105.5m.) to the OPEC / OECD International Fund for Agricultural Development (IFAD). But these sums are overshadowed by the kingdom's total aid.

The bulk of Saudi aid is disbursed in the form of grants (gifts) or very concessionary loans by the Ministry of Finance on the orders of senior Government members to countries in areas where Saudi Arabia has a major policy interest. Two obvious such areas are the Middle East confrontation zone—where Egypt, Syria, Jordan and the PLO receive Saudi assistance—and the Horn of Africa, where Saudi Arabia last year not only played a big part in wooing Somalia away from the Soviet Union but also to a large extent financed its ultimately disastrous war with Ethiopia.

Leverage

Only part of Saudi grant aid to these states is a regular subsidy which can be used as balance of payments support or to meet budget deficits. Saudi grants tend to be given on a one-off basis, so that the rulers of the beneficiary states, such as President Nimairi of Sudan or President Siad Barre of Somalia, must constantly come to Saudi Arabia to ask for more. The Saudis argue with some justification that this is a safeguard against aid being wasted on such things as luxury imports, although it is hard to accept that countries as a whole would not benefit at all from regular budget or balance of payments support. The Saudi pattern of aid giving ensures that the aid donor has maximum political leverage over the beneficiary.

Because of its irregular, political and often clandestine nature it is virtually impossible to arrive at figures for total Saudi aid to individual countries. Indeed, the figures for total aid committed and disbursed (the latter rose from $2.37bn. in 1974 through $3.87bn. in 1975 to $3.6bn. in 1976) are compiled from non-Saudi sources. The Arab front line states are assisted in a large number of separate ways—Egypt, for instance, obtains funds from Saudi Arabia agreed at the Arab summit in Rabat in 1974, funds arranged through GODE, grants for military purchases, other special grants and project aid from the SFD. No frontline state wants to reveal how much it obtains from each donor country.

North Yemen, with one of the poorest treasuries in the Arab world, receives considerable budget assistance on a regular basis from Saudi Arabia (as well as SFD finance), and the Kingdom naturally observes closely political developments in this the most populous country in the Arabian peninsular. Saudi Arabia has in the past two years made grants to the People's Democratic Republic of Yemen (South Yemen), although without succeeding in luring it away from the Soviet camp. The Saudis give budget support to Oman, where oil revenues are levelling out and expenditure rising, and the SFD is to finance a major development project for building new roads and administrative centres in Dhofar, where the war with guerillas of the Popular Front for the Liberation of Oman ended only in 1975.

In Sudan, Saudi Arabia has given some short-term financial assistance (in addition to committing considerable project finance) and is understood to be paying for the gradual re-equipment of the armed forces. The Kingdom appears to be anxious for the Sudanese Government to restrain its spending in order to improve its balance of payments and deficit financing position.

AID COMMITTED AND DISBURSED BY SAUDI ARABIA, $bn.

	1973	1974	1975	1976
Commitments	0.693	3.76	5.1	3.94
Disbursements	0.34	2.37	3.87	3.6

Source: UNCTAD and DAC statistics.

Saudi assistance to Somalia, since 1974 a member of the Arab League, began relatively late, the Kingdom only overcoming most of its suspicions about the formerly Moscow-oriented regime last year. Apart from some project aid, its main assistance to Somalia in the past 12 traumatic months in the Horn of Africa appears to have been devoted to keeping the Somali war effort going. Saudi Arabia was rewarded by the eviction of the Russians last November, but this has been more than offset by the strong Russian and Cuban presence in Ethiopia.

Outside the Arab world the focus of Saudi aid tends to be on Islamic countries, of which Pakistan (where the Saudis played an important part in last year's political crisis) appears to have done best by the Saudis. Indonesia and Malaysia in Asia, and Mali, Niger and Uganda in Africa are examples of Islamic beneficiaries of Saudi aid. Congo (Brazzaville) and Guinea (Conakry) are among the few non-Islamic recipients of Saudi aid.

The SFD has now disbursed about SR1bn. compared with commitments of about SR9bn. ($2.6bn.) and aid agreements signed by mid-February this year of SR5.8bn. ($1.7bn.). Considering the problems associated with the rapid disbursement of project finance—including the need to evaluate projects, arrange aid packages and pay out cash only at the rate the recipient country can execute the project—this represents a considerable achievement for the SFD, which began operating in 1975.

The Fund accepts that as a relative newcomer to project finance it cannot have the staff and experience to do much project evaluation itself (and its technical assistance programme is only now beginning). It collaborates on project financing with other aid organisations and accepts feasibility studies from other organisations such as the World Bank, without, in the words of its president Dr. Mahsoun Jalal, "wasting time doing the whole study all over again."

The fund's largest commitments are to infrastructure development, followed by water and electricity, then agriculture and finally the social sector (health and education). It does not lend to manufacturing nor is it keen to back commercially profitable ventures (which can obtain funds elsewhere). A recent analysis of its loan agreements shows that the average grace period is just over five years, that nearly 40 per cent. of the finance in its agreed loans is on grant terms, and that the average interest rate on all its agreed loans is 3.11 per cent. (which the Fund says does not cover its costs).

The Arab countries, led by Egypt and Sudan, are naturally the largest single group of countries with which the SFD has signed agreements—totalling SR2.7bn. ($0.8bn.) by mid-February. (The fund has signed agreements with 47 individual countries.) Next come the non-Arab Asian states, with SR1.85bn. ($0.5bn.) and Malaysia the biggest benefactor; then the non-Arab African states at SR680m. ($194.3m.); and finally Latin America—one loan for an electricity project in Brazil—at SR194m. ($55.4m.). Economists at the Fund point proudly to the fact that the largest total of loan finance agreed goes to the poorest countries; nearly 40 per cent. is being given to countries with a national income of less than $250 per head a year; about 32 per cent. to those in the $250-500 range, and so on until only about five per cent. goes to those in the $1,000 plus range.

The Fund is expected to handle the $1bn. Saudi Arabia pledged to the African states at the Afro-Arab summit in Cairo last spring.

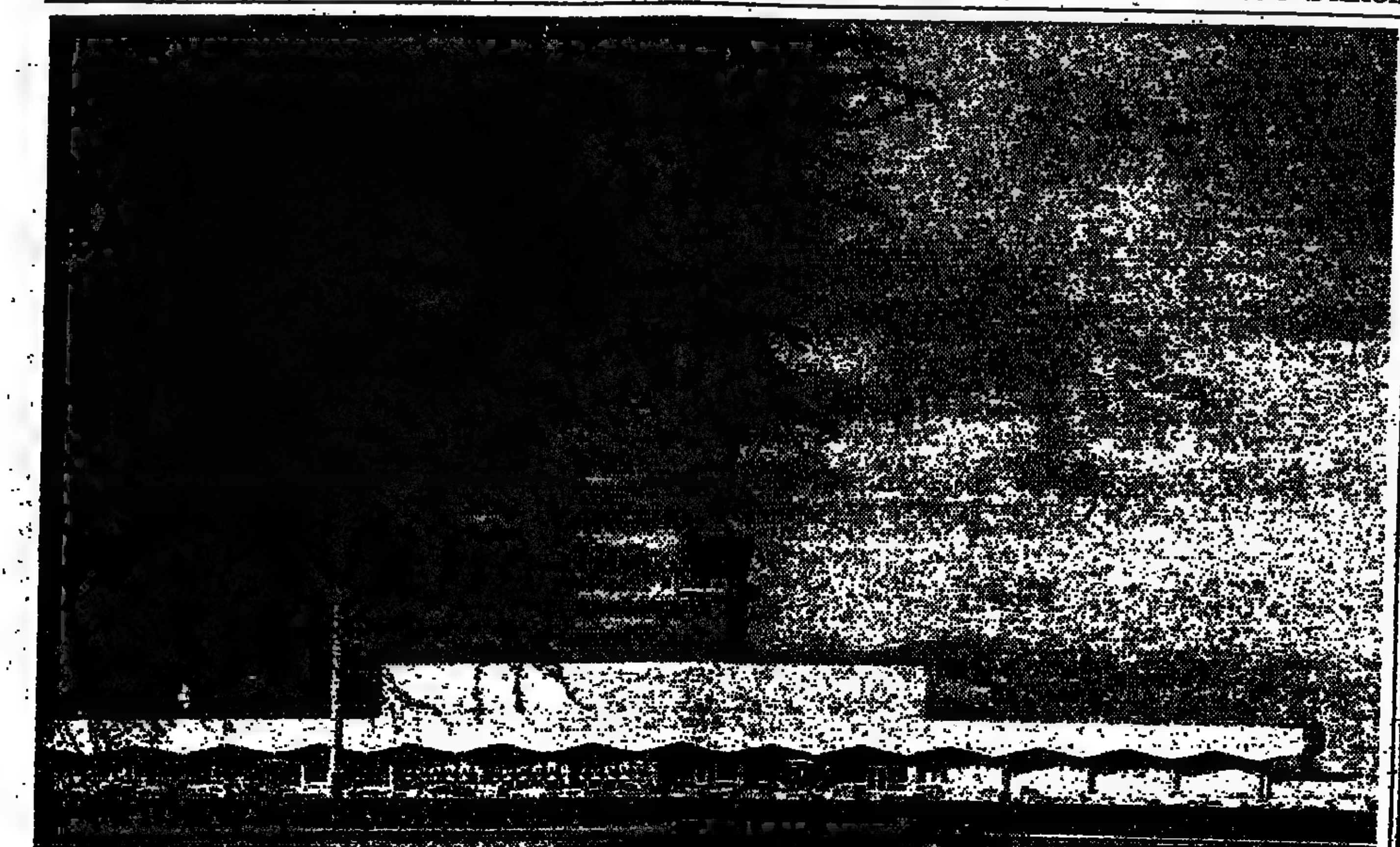
Headquarters

Although it is not a direct instrument of Saudi aid policy, the Islamic Development Bank has the Kingdom as its largest shareholder, is housed in a former palace of the late King Faisal and has been given land by the State on which it is building its new headquarters. It is an international organisation, a bank operating on Islamic principles with about 30 Muslim countries as shareholders. Its subscribed capital is 765m. Islamic Dinars, an Islamic Dinar being the equivalent of an SDR.

The IDB began operating in October, 1975 and a clear pattern of its operations is now emerging. It does not charge interest—in accordance with the Sharia—and instead finances itself by the proceeds of trade financing leasing, profit sharing and direct and indirect equity participation in projects. By the middle of February this year it had approved long term loans totalling ID67m. to 13 countries ranging from Cameroon to Bangladesh; a small administration charge is levied.

It has also approved direct and indirect equity participation in some 13 projects with a commitment totalling ID54m.; two leasing operations (for a cargo ship for Bangladesh and a tractor assembly plant for Turkey) worth a total of ID15m.; foreign trade deals with eight different countries totalling ID91m.; and an ID4m. participation on profit-sharing terms in a housing project in Dubai. Including its small technical assistance programme the IDB has approved commitments of $273m.

James Buxton



The new £20m. civil airport at Abha is being built by the joint venture of Laing Wimpey Alireza.

The Saudi economy has settled down. Inflation has fallen, demand has eased, while goods and services are easier to obtain, and this has been achieved without sending the country into recession. But some sections of the community have still to benefit from Saudi Arabia's enormous wealth.

The economy

SUPERFICIAL IMPRESSIONS can be significant. Saudi Arabia is a far more pleasant place to visit now than it was, say a year ago. You can usually get a hotel booking and find the room waiting for you when you arrive. Taxi drivers are a little less rapacious — though more expensive. The food is better. And for the most part service in hotels, restaurants and shops is strikingly improved.

This microeconomic situation accurately reflects the whole economy. In the past year, mainly as a result of Government action, the pressure of demand has eased, while the supply of goods and services has increased. By the end of last year the annual inflation rate had dipped below 10 per cent., according both to the official cost of living index and to independent measurements. The official index (whose weightings are out of date) almost reached 40 per cent. in mid-1975 and stood at close to 36 per cent. in the third quarter of 1976.

Yet although the economic growth rate has slowed in the past 12 months there is no recession or stagnation such as is occurring in some of the other surplus revenue oil producers in the region. Although businessmen are now making smaller profits and have far fewer opportunities to make windfall gains out of speculation, there appear to have been virtually no bankruptcies. Construction is forging ahead (at one site in Jeddah about 30 tower cranes are visibly in operation) and last year's imports through Jeddah were 68 per cent. higher in volume than those of the previous year, with equipment and machinery imports up more than 12 times and construction material imports double.

Bottlenecks have been broken and Saudi Arabia has a workable infrastructure, though it is by no means complete. Economic growth now produces fewer strains and with the inflation rate having reached the target it is generally expected that the expenditure figure in the coming budget (for the June, 1978/June, 1979 Hijri year) will be raised for the first time in four years. The years of large-scale expansion in the Saudi economy are still to come, when the Government may get closer to spending its revenues, even though GDP at constant prices grew by 15.6 per cent. in the 1976-77 financial year.

The Saudi Government is now in a somewhat better position to cope with further expansion. It has learnt from some of the alarming experiences of the past four years. It has gained in confidence from seeing measures it has imposed actually work. There has been some infilling of talent under the few but able senior men (though decision-making is still highly centralised); and there is a rather clearer appreciation of what needs to be done and where the Kingdom is going.

The fact that the economy has become a little more mature and that information on economic trends is, at least in theory, more readily available, has enabled the Ministry of Planning to start drawing up the next five year plan (covering the 1980-85 period) with rather more sophistication than its predecessor. The British firm Cooper and Lybrand is building the first computerised input/output model for the economy. Apart from pressing ahead with State industrial complexes at Jubail and Yanbo (where the infrastructure is now in place) the emphasis of the new plan is likely to be on other manufacturing, agriculture and services, especially the maintenance of existing installations.

Economic strains were inevitable as the surge of government spending following the 1973-74 oil price rise hit an underdeveloped economy with a weak infrastructure. Actual government spending soared from SR10.1bn. ($2.9bn.) in 1972-73 to SR77.4bn. ($22.1bn.) in 1975-76, still leaving a surplus of SR23.6bn. ($6.7bn.). Strain was most obvious in the relatively small and poorly managed ports, where in mid-1976 hundreds of ships queued for months to unload at congested berths. The sudden influx of money pushed up land and property prices many times over. Companies bid up the price of labour. Shortages of both commodities and housing led to immense speculation pushing prices even higher, while foreign companies put in larger tenders for fixed price contracts partly to share the enormous profits local merchants were making and partly to protect themselves from unpredictable inflation rates and bottlenecks.

Unable

Inexperienced, lacking information and having little understanding of the processes operating, the Government was at first unable to halt the developing chaos. For reasons of pride it was reluctant to slow progress towards the targets of the 1975-80 $142bn. development plan. It was not until mid-1976 that it seriously began imposing a set of measures aimed at reducing the pressure on the economy.

The first major step to take effect was the clearing of the ports. New port capacity was already coming into use at Jeddah and Dammam, and management methods were gradually being improved. But it took the appointment of a tough administrator, Dr. Fayez Badr, former Deputy Planning Minister, to force through a set of draconian regulations of which the most crucial was ordering importers on pain, of having their goods auctioned, to clear cargoes from the ports within 15 days of arrival. That done, in the face of some powerful protests, it was only a matter of time before the backlog of ships was dealt with: waiting time at Damman ended by the end of 1976 and the delays stopped at Jeddah two months later. In the following 12 months the economy saved about SR2bn. ($0.6bn.) from not having to pay congestion surcharges and demurrage, and the indirect savings were probably far greater.

When the 1976-77 budget was announced in June, 1976, the upper spending limit for the year was fixed at SR111bn. ($31.7bn.), the notional figure for the previous year. In fact, spending the previous year had reached SR77bn. ($22bn.) but if it had continued at its current rate of growth it would easily have surprassed the limit. The imposition of the same upper spending target made it necessary — at least in theory—for the only Ministries which came close to spending their full allocations — defence, communications and education—to curb expansion, while it had an important psychological effect in reducing inflationary expectations.

At the same time nothing was done to overcome the normal bureaucratic delays that hindered getting certain development projects off the ground, and the more marginal or extravagant projects were quietly dropped or postponed. Though no figure has been released for actual spending in 1976-77, it is understood to be well below the limit. The same spending limit has been set for the current financial year. In an economy where 75 per cent. of liquidity is the counterpart of Government spending, this would inevitably, if gradually, have an effect on inflation.

Inflationary pressure forced both Government and business to put as little extra strain on the infrastructure as possible and to try to skirt bottlenecks. For example, there has been a rash of prefabricated construction in Saudi Arabia, cutting down on labour costs and bulky shipments of cement and aggregate (even sand has to be imported because Saudi sand is mostly too smooth and chemically corrosive). There is a prefabricated dental hospital in Riyadh, prefab schools are going up all over the country and a prefab air terminal is under construction to tide Jeddah over until the new airport, in area the largest in the world, comes into operation in about two years' time.

Foreign contractors working in Saudi Arabia are now responsible for housing their own labour force. Special "temporary" ports are being built and are nearing completion to cope with imports solely for the Government's housing programme, which is shortly to get underway on a large scale. The Ministry of Defence is increasingly importing its construction materials through its own port facilities.

But while the Government was taking fiscal measures to reduce inflation, spending was barely restrained at all in some fields and some quite phenomenal sums of money were spent. Though making up about a third of budget allocations, actual spending on defence in 1975-76 and 1976-77 appears to have amounted to no less than about half total Government spending, since most other ministries underspent. Some of this has gone abroad on arms and equipment purchases and in remitted salaries for expatriates employed in Saudi Arabia. The bulk of it, however, has been spent on construction projects—such as extravagant new military cities (or garrison towns), airfields, roads, naval bases and so on. The defence establishment has been bidding for precious construction supplies and for port capacity (where defence imports have had priority) without in many cases spending the money on breaking bottlenecks that would free resources in the rest of the economy. It has, however, solved a part of the housing problem through its housing programme and its military hospitals are used by civilians.

Another example of money continuing to pour into the economy at a time of supposed restraint has been the Saudi Real Estate Development Fund (REDF), whose task has been to channel Government money on highly generous terms to house and flat construction both by individuals and companies. In the 20 months before its operations were temporarily suspended in May, 1977 it had succeeded in committing a staggering SR23bn. ($6.6bn.), most of it disbursed, in housing loans, rather more than it had been expected to get through in five years. The money led to the rapid building of more than 100,000 badly needed housing units, mainly for higher income families and expatriates, but at considerable cost to the economy, since demand pressure pushed up the costs of construction materials while the low debt servicing cost (repayments were scheduled over 25 years after a two-year grace period with 20 per cent. of the debt "forgiven" and no interest charged) encouraged people to keep houses empty to see if prices rose.

The halting of disbursements by the REDF last May (its operations have just resumed) was a major factor in slowing inflation.

Disbursed

Spending by the funds is in addition to sums disbursed by ministries and other organisations listed in the budget. Another big fund is the Saudi Industrial Development Fund, which lends to private industry and has disbursed about half the SR3.5bn. ($1bn.) it has committed following relatively strict project appraisal, leaving aside loans to electricity utilities. Another is the Public Investment Fund, set up in 1971 to make interest-free loans to parastatal organisations—predominantly Petromin and the airline, Saudia. It has now exhausted its capital and has disbursed about SR11bn. ($3.1bn.), almost all of it since the 1973-74 oil price rise.

In a sense it is impressive that the Saudi economy has been able to absorb such immense sums of money. But what has been achieved in terms of physical assets has cost much more than it would have done almost anywhere else. It is alarming to think of the future expense of servicing the highly sophisticated infrastructure now installed, since in a country with a small indigenous population it will depend largely on expatriate labour. And although the administration is improving there are still some frightening examples of lack of co-ordination within the bureaucracy: recently, for example, work had to be halted on a SR3.25bn. ($0.9bn.) oil refinery expansion project at Jeddah after SR1.7bn. ($0.5bn.) had been spent because it was finally accepted that the refinery was dangerously close both to the port and to a naval base.

It is also disturbing that many of the poorer members of the community—mostly immigrants but also some Saudis—have not benefited as much from the boom as have richer members of the population. Although wages have in many sectors been relatively high, the Government has not been able to provide them with the means to enjoy a higher standard of living—the State housing project for lower income groups is only now getting under way, a year and half late. The little shacks made of tin, wood or cardboard that cluster in the waste areas between the homes and offices of the rich are a constant reminder of relative poverty.

But with the economy now under control the prospects for this group look better; and Saudi Arabia is lucky to be able to build its future growth partly on a sturdy and efficient business community. The difficulties of the past year and a half have tended to concentrate business in the hands of larger groups, and even they have in some cases got long inventories while there are parks full of unused road-making equipment—a victim of spending cuts. But the non-oil private sector, whose growth in 1976-77 far exceeded the plan target, should be ready and indeed is anxious for fast growth of the Saudi economy to resume.

James Buxton

The commercial centre of Jeddah.

GOVERNMENT REVENUES AND EXPENDITURE

(SR.bn.)

Revenue	1974-75	1975-76	1976-77	1977-78
Oil (actual)	94.1	95	99.5 (est.)	n.a.
Non-oil (actual)	5.9	6	11.4 (est.)	n.a.
Total (actual)	100.1	101	110.9 (est.)	146.4 (est.)
Expend. (actual)	35	77.4	—	—
Surplus (actual)	65	23.6	—	—
Expend. (est.)	98	111	111	111

Source: Ministry of Finance and National Economy.

COST OF LIVING

Year	Index (1970 equals 100)	Percentage change over four quarters
1973/1	124.0	—
1973/2	123.2	—
1973/3	127.5	—
1973/4	133.3	—
1974/1	145.4	17.3
1974/2	148.9	20.9
1974/3	159.2	24.9
1974/4	163.4	22.6
1975/1	191.4	31.6
1975/2	207.8	39.6
1975/3	207.9	30.6
1975/4	223.1	36.5
1976/1	249.0	30.1
1976/2	269.7	29.8
1976/3	282.4	35.8
1976/4	291.1	30.5
1977/1	297.4	19.4
1977/2	297.3	10.2
1977/3	308.7	9.3
1977/4	—	8.6

GROSS DOMESTIC PRODUCT

SRm. at constant prices 1389/90

Fiscal years	1388-89	1389-90	1390-91	1391-92	1392-93	1393-94	1394-95
A—Industries and other producers except of government services:							
Agriculture, forestry and fishing	956.5	984.1	1,017.8	1,050.1	1,088.7	1,129.6	1,174.1
	6.0	5.7	5.1	4.6	4.0	3.6	3.6
Mining and quarrying:							
(a) Crude petroleum and natural gas	7,084.9	8,106.3	9,922.1	12,427.0	15,556.0	18,158.1	17,339.4
	44.5	46.6	49.8	54.1	56.6	57.6	53.3
(b) Other	50.4	46.7	48.8	55.2	77.4	96.8	122.0
	0.3	0.3	0.2	0.2	0.3	0.3	0.4
Manufacturing:							
(a) Petroleum refining	1,015.5	1,240.9	1,355.3	1,304.4	1,378.4	1,417.2	1,337.0
	6.4	7.1	6.8	5.7	5.0	4.5	4.1
(b) Other	385.3	431.2	483.6	543.0	599.1	665.0	738.5
	2.4	2.5	2.4	2.4	2.2	2.1	2.3
Electricity, gas and water	247.0	273.1	297.9	328.6	381.0	416.6	458.7
	1.6	1.6	1.5	1.4	1.4	1.3	1.4
Construction	1,027.8	933.9	957.2	1,052.7	1,395.8	1,737.3	2,189.0
	6.5	5.4	4.8	4.6	5.1	5.5	6.7
Wholesale and retail trade, restaurants and hotels	960.7	1,007.5	1,051.3	1,145.9	1,375.1	1,622.6	1,945.2
	6.0	5.8	5.3	5.0	5.0	5.1	6.0
Transport, storage and communication	1,139.5	1,242.5	1,467.7	1,544.4	1,848.5	2,224.2	2,720.8
	7.2	7.1	7.4	6.7	6.7	7.0	8.4
Finance, insurance, real estate and business services:							
(a) Ownership of dwellings	602.2	661.0	693.0	731.9	787.4	864.4	950.8
	3.8	3.8	3.5	3.2	2.9	2.7	2.9
(b) Other	341.5	354.7	360.3	377.6	419.8	473.6	535.2
	2.1	2.0	1.8	1.6	1.5	1.5	1.6
Community social and personal services	216.1	238.3	253.0	271.8	287.2	310.5	335.6
	1.4	1.4	1.3	1.2	1.0	1.0	1.0
Less imputed bank service charges	—44.9	—46.0	—47.7	—46.0	—41.9	—46.1	—50.7
	—0.3	—0.3	—0.2	—0.2	—0.2	—0.2	—0.2
Sub-total	13,981.5	15,474.2	17,860.3	20,786.7	25,152.5	29,069.8	29,796.6
	87.9	88.9	89.7	90.5	91.5	92.2	91.5
B—Producers of government services sub-total	1,646.5	1,678.4	1,722.0	1,834.4	1,980.5	2,176.6	2,437.8
	10.4	9.6	8.7	8.0	7.2	6.9	7.5
GDP in producer's values	15,628.0	17,152.6	19,582.3	22,621.1	27,133.0	31,246.4	32,234.4
Import duties	276.3	246.0	324.5	342.2	362.4	296.7	326.4
	1.7	1.4	1.6	1.5	1.3	0.9	1.0
GDP in purchaser's values	15,904.3	17,398.6	19,906.8	22,963.3	27,495.4	31,543.1	32,560.8
	100.0	100.0	100.0	100.0	100.0	100.0	100.0

Note: Figures in light face indicate the relative share of each activity in total GDP.

Source: Central Department of Statistics, Ministry of Finance and National Economy, National Accounts of Saudi Arabia 1386-87 through 1393-94 A.H., March 10, 1976 and preliminary 1393-95 estimates.

BUDGET GOVERNMENT EXPENDITURE SRm.

Fiscal year	1391-92	1392-93	1393-94	1394-95	1395-96	1396-97
Total expenditure	10,782.0	13,200.0	22,810.0	45,743.0	110,935.0	110,935.0
Council of Ministers and related headings	977.5	1,135.1	1,708.7	5,451.2	10,009.5	9,892.5
Planning	12.5	13.5	23.0	33.4	98.5	77.0
Municipal and rural affairs	644.2	886.9	1,933.4	4,293.9	14,396.3	16,077.6
Public works and housing	15.4	45.5	83.5	136.0	222.1	9,130.9
Information	118.2	165.4	249.7	331.5	802.6	1,164.7
Foreign affairs	79.1	107.9	153.0	221.5	327.2	351.5
Defence and aviation	2,346.5	3,547.4	5,408.4	8,813.3	21,723.7	31,906.4
Interior	735.4	980.3	1,294.2	2,307.6	4,882.6	5,853.6
Labour and social affairs	309.8	347.0	525.8	1,406.6	3,891.9	3,693.1
Health	279.3	420.9	582.8	1,163.0	3,197.4	2,972.7
Education	1,156.9	1,600.0	2,243.2	3,781.2	12,973.9	14,829.8
Communications	1,482.6	1,435.1	2,282.5	4,558.2	11,564.6	16,567.8
Finance and national economy	526.3	773.6	1,340.7	2,032.3	7,431.5	4,372.6
Petroleum and mineral resources	107.8	117.4	174.9	211.6	401.4	429.1
Commerce, industry and electricity	49.8	70.1	90.7	164.3	841.8	1,430.9
Agriculture and water resources	568.6	708.1	1,031.9	1,303.2	2,178.4	2,336.0
Pilgrimage and endowments	88.3	120.2	142.5	243.8	455.3	557.2
Justice and religious affairs	93.3	108.1	132.1	204.5	353.8	419.1
Foreign aid	680.0	680.0	710.0	4,758.0	4,658.1	2,967.3
Subsidies	140.5	155.3	147.0	1,317.6	6,924.4	6,246.4
Public Investment Fund	350.0	250.0	2,552.0	3,000.0	1,600.0	1,600.0
Less: Earmarked project expenditure	—	—467.8	—	—	—	—26,361.1

SAMA: Statistical Summary 1977.

Defence expenditure accounts for the lion's share of the Saudi Arabian budget — but the defence forces are expected to fulfil a protective role. They are necessarily small because there is a limit on the amount of manpower that can be drafted into them, although there are incentives.

Defence

SAUDI ARABIA has spent more money on defence since the 1973-74 oil price rise than it has on any other single item of expenditure. In the current *year's budget defence spending* comes after only the total allocation to infrastructure development but the total of SR26.96bn. ($7.63bn.) is still only just behind Iran's $7.9bn., even though Iran has far larger armed forces and aims to fulfil a much bigger defence role.

When spending on the National Guard (SR2.6bn.) and the frontier force (SR1.39bn.) is added to defence, Saudi Arabia's defence and security bill comes to SR33bn. for the current year. Defence spending looms even larger than might at first seem because the Ministry of Defence normally spends its budget allocation, while most other ministries do not.

The oil price rise has enabled Saudi Arabia to pay for a far larger defence establishment than it previously could: it also increased dramatically the value of the Kingdom's main assets (its oilfields) and gave Saudi Arabia a far greater international and regional role which, it felt, needed to be backed with a bigger military force, and emphasised the strategic vulnerability of the vast but sparsely populated desert State.

The stated aims of the Saudi *military effort*, as declared in February, 1975, are to defend the Kingdom and repel aggression. It does not have aggressive intentions itself—and if it did it would not have the means to fulfil them—but it does preceive threats around its borders. First, it does not rule out the possibility of a pre-emptive strike by Israel in the event of a Middle East war—an attack aimed, for example, at making Saudi airfields and its airforce unusable either by the Kingdom or by another Arab state.

Strength

Second, it fears the military strength and political radicalism of Iraq on its north-western border. And third, it is apprehensive about the military power *and the subversive habits* of Moscow-oriented South Yemen, especially in view of the growing Soviet strength in the Horn of Africa. Recently it reinforced its troops on the border to meet South Yemeni skirmishes. The State must also be on guard to protect itself and its economic installations from internal subversion and guerilla attack.

Saudi Arabia has the perceived need, the desire and the money to acquire the most sophisticated western military equipment: but it also has a small population (and thus a very limited catchment area for military recruitment), and organised secular education and a reasonably modern way of life have only a very short history. The problem that the Kingdom's defence administrators and the many expatriate training teams and advisers face is both of the quantity and the quality of the manpower.

Because of the manpower shortage the armed forces are relatively small in number: the army's strength is 45,000, the airforce 15,000 and the navy 1,500, with the national guard 35,000 and the frontier force 6,500. Military service is voluntary and recruitment is a problem, with all three arms under strength. Last year the pay of the armed forces was virtually doubled for most men, but it is still barely enough to compensate for the relative rigours of *military discipline*, service away from home in fairly inhospitable regons of the country, and beng unable to enjoy the financial rewards on offer in the private sector.

Yet as the country buys more equipment of a sophisticated kind and builds a larger and larger military infrastructure, the forces will need more and more manpower. Recently the *Government* denied that it was planning conscription, but many people in the Kingdom see it as inevitable.

Social

One way to encourage recruitment is by making the social services available to members of the armed forces and their families much better than those found outside. A large proportion of the *Ministry of Defence* budget goes on operating lavishly equipped and well-staffed hospitals and building high quality accommodation for military men and their families. The armed forces also try to provide superior education to that available from the Ministry of Education (indeed education is a key part of military training at almost all levels).

The Ministry of Defence has fairly small hospitals at Tabuk, in the north-west, Jeddah, and Khamis Mushayt (north of the Yemen Arab Republic border). A large one is to open later this year in Riyadh, maintained and staffed by the British company Allied Medical. A hospital is proposed for Al-Kharj, South of Riyadh. Meanwhile the National Guard is building a hospital in Riyadh which will also serve as a disaster relief centre—since disaster relief would be handled by the military anyway.

These military hospitals are naturally designed to look after the wounded and sick in wartime, but in peacetime they take patients not just from the families of servicemen but also patients from the surrounding area, and they provide out-patient services and maternity facilities. This is one of the ways in which military spending directly improves the life of non-military Saudis.

With a view to the three areas from which Saudi Arabia pereceives threats, defence is partly concentrated on awesomely named "military cities" in different parts of the country. Those at Tabuk and Khamis Mushayt already exist, although they are being expanded: at Hafar al Batin in the north-west construction is now beginning on the King Khaled military city, while there are plans to expand the existing military area at Al-Kharj, which already has an ordance depot and ammunition factory, into a larger armaments producing centre, possibly handling the electronic equipment side of the Arab Organisation for (Military) Industry (AOI).

Not to be outdone, the National Guard announced recently that it was to build two military cities of its own: one at Hofuf, close to the oil fields where one of its main defensive functions lies, and one in the Oasim area in the centre of Nejd province where it draws most of its recruits.

Military cities are really garrison towns, housing both army and airforce and providing barracks, married quarters, hospitals, recreation areas, etc. They appear to be phenomenally expensive: King Khaled military city is officially said to be costing between $9bn. and $12bn.: unofficial estimates from Government sources go up to twice as much.

With the building of hospitals, housing and military cities, a large part of military expenditure goes on relatively mundane infrastructure. The U.S. has the lion's share of this work (although British construction companies are involved in a small way) and its corps of engineers has the major supervisory role as consultant on many large projects. Actual equipment supplies probably make up only a tenth of total defence spending; much of the rest goes to different expatriate groups to pay for technical training.

The U.S. has a military mission in Saudi Arabia which co-ordinates the work of different defence contractors in the country. Up to 10,000 U.S. civilians are employed on defence projects, for the U.S. has at least 80 per cent. of all defence work in the Kingdom. In the army the U.S. is responsible for mechanising two of the five brigades which are to have a total of 260 American M60 tanks. The army already has some 400 French AMX30 tanks, on which the French military mission is continuing to instruct the Kingdom's existing armoured brigade. Saudi Arabia is thus in the luxurious, if somewhat complex, situation of having two main battle tank systems.

The Army has some 150 British-made Scorpion light tanks, with a further 100 on order, as well as much other British equipment (especially in communications). The Army is also responsible for the Kingdom's surface to air missile system, which employs the American Hawk missile and maintained by Raytheon. For protection against low-level attack—for which the Hawk is less well-adapted—the British Aircraft Corporation has been trying to impress the merits of the Rapier system on the Saudis.

Britain's most important role in the Saudi armed forces is with the Royal Saudi Air Force. Last year Saudi Arabia renewed its contract with BAC for another four years: worth about £500m. (with the possibility of inflation, contingencies and additional requirements taking it up to a possible £850m.) it is considered Britain's biggest ever export deal.

BAC's association with the SRAF began in the 1960s when it sold it two squadrons of Lightnings (which still comprise the air force's interceptor capability) and two squadrons of Strikemaster counter-insurgency training squadrons. The air force has not bought any more BAC aircraft—it is acquiring 70 Northrop F5E fighter bombers, plus 20 F5Bs and 20 F5Es, and President Carter has said the U.S. will sell the Saudis 60 F15 Eagle aircraft for delivery early in the next decade—Congress permitting.

Still, BAC plays the major role in basic training both in flying and technical skills, technical support of aircraft (including to an extent the non-British ones), armaments support, construction supervision, vehicle maintenance, medical services and provisioning of all kinds. The scale of operations is colossal, with about 2,000 expatriates in Saudi Arabia and a constant flow of supplies from the U.K. A major objective is accelerating the taking over of jobs presently filled by BAC personnel by Saudis. BAC provides flying instructors for the King Faisal Air Academy as well as technical instructors. And it runs the Technical Services Institute (TSI) at Dhahran, where teaching begins with English instruction in technical subjects and proceeds to technical education and on the job training.

The programme is directed from Riyadh by Air Chief Marshal Sir Frederick Rosier, and is also monitored by the British Ministry of Defence, with which the contract was technically signed. Although Northrop and Lockheed both have organisations to service and train the aircraft and missile systems they operate, BAC provides a service which, assuming it continues to operate efficiently, should be asked to continue after the present four-year period is up. Its position would be stronger *if it were to sell* the air force more aircraft—for example the Hawk light attack/trainer.

Smallest

The Navy is the smallest of the three services under the Ministry of Defence and is being built up almost from scratch under a package agreement reached with the U.S. in 1974. Its ambitions cannot not be called excessive: it will consist largely of coastal patrol craft for coastal operations along the Kingdom's long littorals. Naval bases, one at Jeddah and another at Jubail, are being constructed.

The National Guard is entirely separate from the Ministry of Defence, has a different logistics and training system and reports directly to Prince Abdullah Bin Abdul Aziz, rather than to the Defence Minister Prince Sultan Bin Abdul Aziz. It has grown out of the loyal and fanatically-religious Ikhwan, which from having won battles for King Abdul Aziz Ibn Saud became a counterweight to the newly formed conventionel army. It is organised on tribal lines with tribal leaders in charge and not all of it serves full time. Among its tasks are the protection of the oil fields and associated installations. Britain has a small military mission to it and supplies some of its equipment, but the contract for mechanising four of its battalions is held by the American company Vinnell which is supplying them with commande - armoured vehicles.

Despite mechanisation it is deliberately being transformed less fast than the other parts of the defence machine. The Saudis are uneasily aware that the more modern a unit becomes the more the traditional values of its members tend to be eroded, and with this their instinctive loyalty.

James Buxton

Surveillance of patients at the King Feisal Hospital in Riyadh.

Because the necessary infrastucture has not yet developed, Saudi Arabia still has some way to go before a true capital market can be established. But the banks have had the advantage of the lack of alternative capital instruments, and have managed to fill much of the gap.

The capital market

A CAPITAL MARKET has yet to emerge in Saudi Arabia, and, given the cautious attitude of both the monetary authorities and most institutions and individuals with available capital, one is unlikely to develop for some years.

A society geared to cash transactions, and still growing accustomed to the idea of cheques, will obviously take time to progress towards longer-term and tradeable forms of investment. As one banker put it, "A market presupposes plenty of buyers and plenty of sellers and there's no sign of them yet." Another, commenting on Saudi riyal bond issues, said, "People look at securities as investments to be stored away rather than as instruments to be traded."

The lack of capital market in the Kingdom is paralleled by the growth in the capital market services being offered to Saudis by the offshore banking units in Bahrain—direct and syndicated loans in Saudi riyals, for instance—and by the emergence of private-sector Saudi borrowers on the Eurocredit market last year. For example, in December the Saudi Research and Development Corporation (REDEC) raised $14m. through an international syndicate headed by Al Saudi Banque in Paris. Earlier four associates of Transport and Trading Inc. raised a $40m. five-year Euroloan.

All the basic infrastructure for a capital market is lacking. There is no stock exchange. There are few companies in which the public holds shares, and the dozen or so that do have some public shareholdings are traded only very fitfully through one or two brokers. It is more a question of private placement of share. A local inter-bank market is still in a fledgling state. Medium-term lending by commercial banks is limited, though the newly-formed Saudi Investment Banking Corporation (SIBC) and National Commercial Bank are working to build this up. The rolling-over of short-term credits is still the most usual form of longer-term financing in the kingdom. Commercial banks are restricted in what they can do medium-term by the concentration of the deposits in the very short maturities; by low capitals; and by high ratios that have to be maintained—as the Saudi Arabian Monetary Agency (SAMA) require—between deposits and capital reserves (15:1).

In Kuwait—which is years ahead of Saudi Arabia in its financial development—banks have started issuing certificates of deposits (CDs) to lengthen the maturities on their liabilities side and to help them do more medium-term lending to satisfy a demand growing throughout the region. But in Kuwait the private sector is relatively much bigger and more dynamic than in Saudi Arabia.

Government initiatives are needed in Saudi Arabia to stimulate financial development, yet official moves are intermittent and policies somewhat ambivalent. Establishment of the SIBC—the first new bank for 23 years—was encouraged by the authorities but they let negotiations drag on for years before the bank finally opened last April and then they saddled it with a capital of only SR30m. ($8.6m.)—very low for an institution with such ambitious objectives. These include developing a capital market, as well as acting as a merchant bank and lending medium-term to assist the country's industrialisation programme.

Studies have been done on setting up a formal stock exchange, but it is doubtful whether the private sector has the capacity to organise one and therefore the Government would have to take the initiative. Another way encouraging financial development would be to issue Government debt instruments (though obviously the funds are not needed) and to try to stimulate secondary market activities in these.

But since Kuwait is only now talking about possible Government CDs or treasury bills later this year, it is clear the Saudis must be years behind.

The conflicting policies of SAMA on "internationalisation" of the riyal have helped create the means by which Bahraini-based banks can now offer an increasing range of capital market services to Saudi borrowers. SAMA is theoretically opposed to any development which might lead to its losing control over the currency, and to speculation against it in overseas financial centres. Yet by insisting that contracts awarded within the kingdom and import contracts be priced in riyals, the authorities have prompted the growth of healthy forward markets in riyals outside the kingdom. Foreign banks have also sought to circumvent the 15 : 1 ratio on deposits by diverting clients' funds to their OBUs in Bahrain, from where they can be lent back into Saudi Arabia.

Deposits

Armed with substantial riyal deposits, the 40 or so OBUs have been quick to detect lending opportunities in Saudi Arabia. Considerable direct lending to the Saudi private sector has already taken place. Medium-term operations in riyals have been relatively cheaper to do from Bahrain than the kind of overdraft facilities available in Saudi Arabia, since for some months interest rates in riyals have been lower than in dollars. The companies benefiting from lending from Bahraini OBUs have tended to be joint-ventures, especially those with a reasonable go-ahead foreign partner.

Publicly syndicated loans in riyals began last year. Amiantit, a Saudi company, raised SR50m. through a syndicate of OBUs, with the Al-Khobar branch of Banque de l'Indochine et de Suez (now Saudi-ised into the Al-Bank al-Saudi al-Fransi) as the agent. The choice of this branch raises the interesting possibility that, as more foreign banks Saudi-ise and are allowed to open branches all over the Kingdom, the Eastern Province could develop as a financial centre to rival Jeddah and Riyadh because of its proximity to Bahrain and, to a lesser extent, Kuwait, from whence more and more of the financial services and funding for the Kingdom are likely to be provided.

The Amiantit loan was a floating rate deal, above the Bahrain inter-bank rate for riyals. A SR300m. credit in preparation for the Saudi Research and Development Corporation (REDEC) will have a floating interest rate of 2 per cent. above the Saudi inter-bank riyal rate, with a 7½ per cent. minimum. Lead-managed by BAII (Middle East), the loan is for five years and is for general corporate purposes. An earlier attempt—last autumn—to raise a SR100m. loan for REDEC at 2¼ per cent. above the Saudi inter-bank rate over 6-7 years fell through.

That deal—to finance a fertiliser project—was being arranged by National Commercial Bank. It is not clear whether problems over the project itself or over the funding led to withdrawal of the deal before Christmas.

A number of bond issues have been floated in riyals, mostly for foreign borrowers such as the Algerian shipping company CNAN and the Moroccan refinery company SAMIR, but REDEC has also tapped this market too. Last month a new type of deal was announced for the Banco Nacional de Obras of Mexico: a SR100m. five-year loan deposit, with semi-annual interest payments, arranged by BAII (Middle East). Funds were provided by the Banque Arabe et Internationale in Paris, SIBC, Riyad Bank and the new Kuwaiti bank, Burgan Bank. According to BAII, this method of borrowing is cheaper and carries less documentation than a bond issue.

Not all these riyal transactions have been entirely offshore, but there is little SAMA can do to stop them if it wants to retain the freedom from foreign exchange controls which exists at present.

The main plank of Government policy towards developing a capital market at the moment appears to be the process of Saudi-ising foreign banks, which enables the majority of the shares in these institutions to be offered to the public. How widely the shares are being spread is difficult to say. The general public in any case only gets a proportion of the 60 per cent. allotted to Saudis. Members of the royal family and other wealthy individuals tend to take up a large part of the capital offer: in the case of Algemene Bank Nederland, 31 per cent. of the capital of Al-Bank al-Saudi al-Hollandi was subscribed by three princes and several leading merchants.

The 29 per cent. on offer to the public at large was ten times oversubscribed, but it was suspected that the special committee set up to decide on allocations favoured the more prominent members of the community. Further opportunities for the public to buy shares in banks will arise when capital increases are needed, but, as already noted, SAMA is unlikely to rush into approving such moves.

Offerings

One of the most professional public offerings of bank shares was done by SIBC. Although it was setting up from scratch, it still had to conform to the majority of Saudi pattern of ownership. The 65 per cent. of the shares not owned by Chase Manhattan, Schroders, Industrial Bank of Japan and Commerzbank was split between the public (36 per cent.) and the General Organisation for Social Insurance and the National Commercial, Riyad and Al Jazira banks. Three hundred thousand shares were available for public subscription, but a limit of 163 per person was imposed. As a result, some 1,800 individuals became investors in SIBC, with several hundred of them holding between 10 and 50 shares.

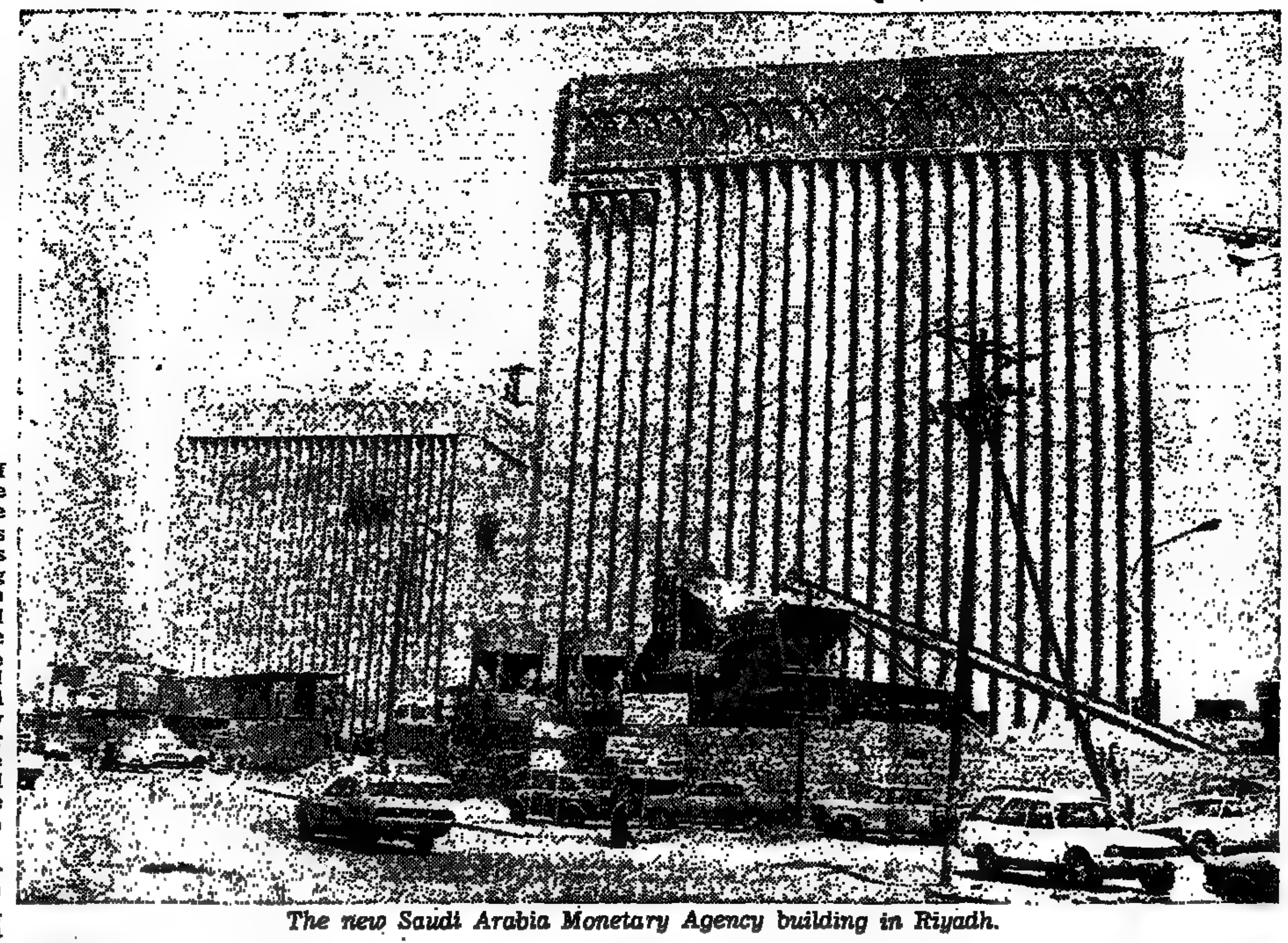
The government has shown its commitment to SIBC in various ways, but the new bank is still fighting against the odds to achieve its objectives. SIBC is allowed a deposit ratio of 30:1 instead of 15:1, and it can rely on three-year deposits from the General Organisation for Social Insurance, as well as funds from other government institutions such as the Saudi Fund for Development. But it still has to compete for funds in the market-place and pay commercial rates.

SIBC's biggest handicap is the lending limit per client of 25 per cent. of its capital, which means a maximum of SR7.5m. It can, of course, get round this by syndicating loans with its shareholders or even more widely, as it has already done, and some would argue that this is a better strategy initially, so that the bank's name becomes known and relationships can be developed with other banks. With the Saudi Industrial Development Fund like SIBC, managed by Chase, providing long-term concessional finance, the idea behind SIBC was that it should fill the gap between the Fund and the mainly short-term finance offered by the commercial banks. SIBC would thus supply 10 to 20 per cent. of the total cost of a project where the rest would be made up by an SIDF loan (up to 50 per cent.), equity capital and working capital from commercial banks.

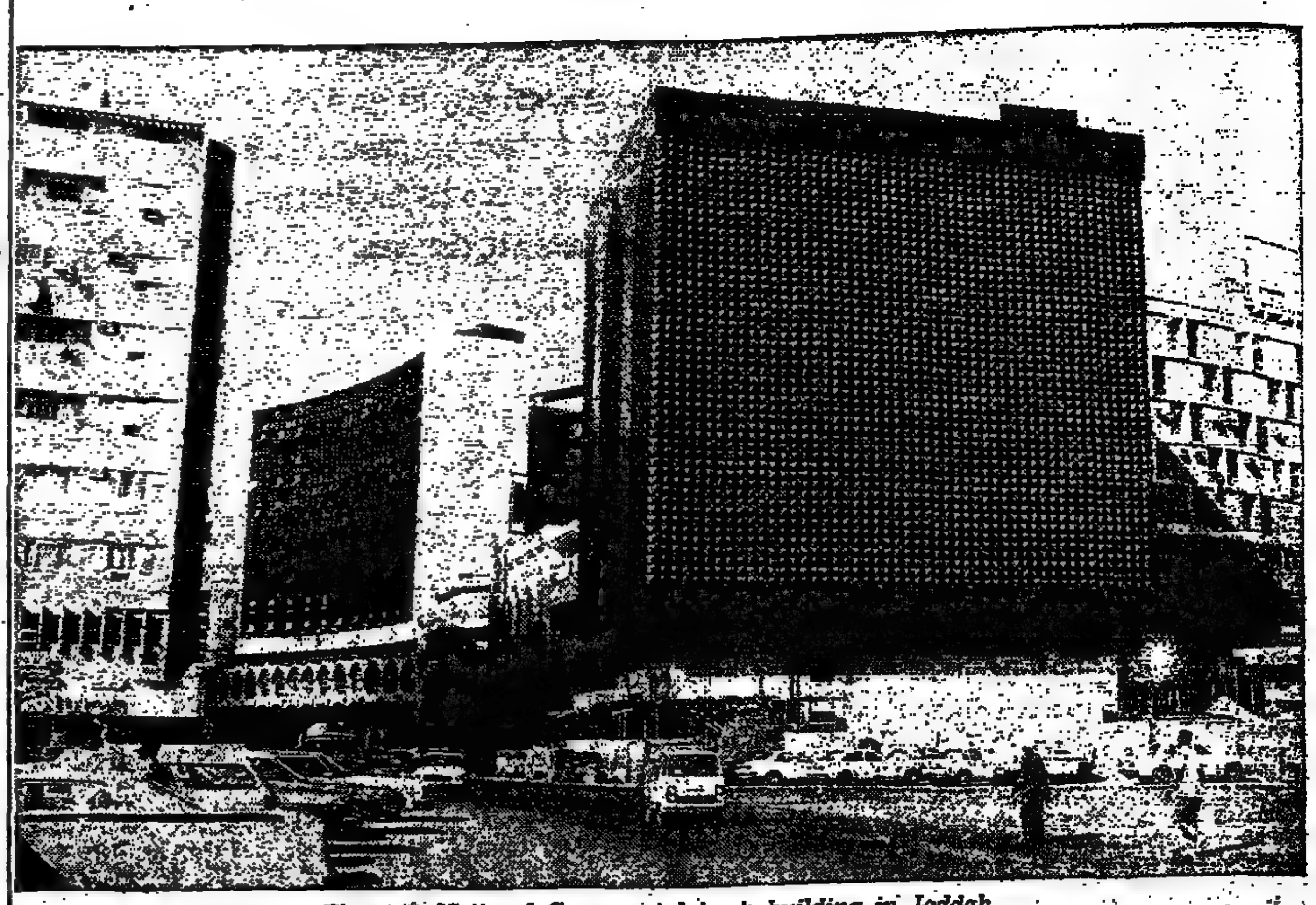
Chase had for a long time wanted a commercial banking operation in Saudi Arabia to match its rival Citibank's extremely lucrative business there, and some cynical bankers have remarked that SIBC will be a commercial bank in a different guise. But the concessions made to it by the government seem to argue against this. How it fulfils its role may well depend on how the relationship with the National Commercial—a shareholder in SIBC but the closest rival—works out.

Until last year, NCB's investment department was advised by First Boston, but since then a number of staff have been engaged from various Western banks, including some with experience in project finance. Most probably, SIBC and NCB will co-operate, with NCB taking on parts of SIBC's larger loans and NCB providing shorter-term finance for projects where SIBC is looking at the longer end.

Brian Thompson



The new Saudi Arabia Monetary Agency building in Riyadh.



The new National Commercial bank building in Jeddah.

Saudi-isation is the developing theme among banks in Saudi Arabia, and it brings benefits with it, such as the ability to open branches all over the country. But the new growth area is overseas, with an increase in the amount of riyal financing abroad.

Banking

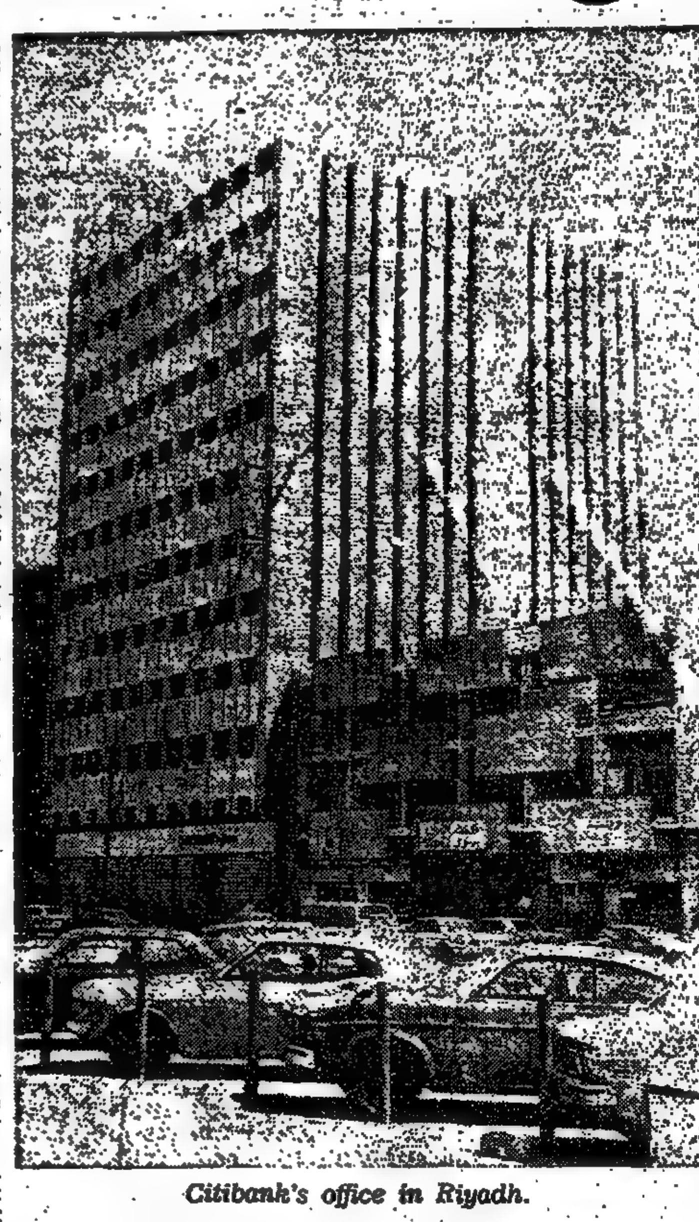
SAUDI COMMERCIAL banks, one of the great growth areas in the economy, have a strict tutor in the form of the Saudi Arabian Monetary Agency (SAMA). It controls their size, liquidity, lending ratios and their activities abroad. Bank business has expanded commensurately with the growth of the Five Year Development Plan. Money supply at the start of the plan in mid-1975 was about SR9.3bn. ($2.7bn.) and increased to SR21.6bn. ($6.2bn.) by October, 1976. Demand deposits at commercial banks increased from July, 1975 to June, 1977 from SR4.5bn. ($1.3bn.) to SR16.7bn. ($4.8bn.), while average monthly bank clearings between those dates increased from SR3.1bn. ($0.9bn.) to SR13.7bn. ($3.9bn.).

Many would say that Saudi Arabia is under-banked. It has 12 commercial banks, and there is little prospect of new banks being allowed to open there, either on-shore or off-shore. SAMA has not been persuaded to open up Jeddah as another Middle East banking centre to vie with Bahrain or the United Arab Emirates. The sheer volume of local business has not been and could never be handled by the official banks alone. As a result, many of the mechanical activities such as money-changing, trade-financing and real-estate lending are done by the well-established and generally highly respected money-changing houses. They have the advantage over the commercial banks in that they do not have to adhere to SAMA's strict regulations on liquidity. SAMA stipulates that a bank's total deposits may not exceed its capital reserves by more than 15 times, and at least 15 per cent. of those deposits must be kept as liquid assets. Half of any deposits held over the limit must be placed interest-free with SAMA. SAMA has generally been tolerant of the money-changers' activities, but the Commerce Ministry issued a warning last October against unauthorised banking activity, and SAMA has been moving to bring their operations more tightly under its control.

Domestication

Two of the 12 banks are 100 per cent. domestically owned, the National Commercial Bank (NCB) and the Riyad Bank. Four of them have been Saudi-ised, that is, have been taken over 60-65 per cent. by Saudi interests. The Bank al-Jazira used to be the National Bank of Pakistan, al-Bank al-Saudi al-Hollandi was the Algemene Bank Nederland, al-Bank al-Saudi al-Fransi was the Banque de l'Indochine et de Suez, and the Saudi-British Bank was the British Bank of the Middle East.

The Banque du Caire has already signed articles of association with its Saudi partners, and will be known as the Saudi Cairo Bank with a capital of SR150m. ($42.9m.), five others appear to be resisting Saudi-isation. Citibank has been most clearly opposed to it but an announcement on its decision to go Saudi is expected before May. The Jordan-based Arab Bank is about 20 per cent. Saudi-owned and claims it is not really a foreign bank. The attitudes of the Banque du Liban et d'Outre Mer, Bank Melli Iran and the United Bank of Pakistan are not publicly known. According to an order by SAMA issued when the Banque de l'Indochine was Saudi-ised in May, 1977, all remaining foreign banks in the country had to be Saudi-ised within a year. That gives them at least two months to make their intentions clear.



Citibank's office in Riyadh.

After Saudi-isation, the foreign bank retains management for at least eight years, but naturally has its share of the profits reduced by 60 per cent. A major advantage is the freedom to open branches all over the country. Citibank and the Banque du Caire were previously the only foreign banks allowed to have branches in Riyadh, but in March, 1977 the Bank al-Jazira opened a branch there, and later in Mecca. Saudi-isation is regarded as fair on the foreign banks since they are not using their own capital from abroad to generate local business.

Bank business, like that of the money-changers, concentrates on short-term financing of imports and other trade. There is also the lucrative field of contract finance and of contract guarantees for which foreign guarantors must have a local advisory bank. It is here that the foreign banks score in their relations with parent banks and their countries of origin, although the First Boston Corporation has a management contract and a good relationship with the National Commercial Bank.

Most of the long-term private financing in Saudi Arabia is done by specialised funds set up by the Government. The chief ones are the Saudi Industrial Development Fund (SIDF), the Agricultural Bank and the Real Estate Development Fund. The SIDF, which is managed by the Chase Manhattan Bank, can give industrial project finance of up to 50 per cent. at a nominal 2 per cent. interest. Between March, 1974, when it was set up, and September, 1977, the fund made 325 loans with a total commitment of SR7.6bn. ($2.2bn.). The Agricultural Bank does the same job for the agricultural sector. Loans made to farmers in the fiscal year 1976-77 totalled about SR600m. ($171.4m.). The REDF makes interest-free loans of up to 70 per cent. to individuals building new homes, and also helps to finance commercial real estate investments. From May, 1977, the REDF suspended its lending activities for nine months to cool inflation in the building sector and to rethink its lending policy. Lending began again in February this year with closer monitoring on the size of loans given. A flat rate ceiling of SR300,000 ($85,700) a loan was abolished and a sliding scale introduced to take location into account. From July, 1974, when it was founded, to January, 1978, the fund had made 79,505 home loans totalling SR21bn. ($6bn.) and 486 real estate loans totalling SR1.3bn. ($0.46bn.).

The international development funds based in Saudi Arabia hardly affect domestic market patterns, but they do bring added financial expertise into the country. There are the Islamic Development Bank in Jeddah, the Arab Investment Company and the Saudi Fund for Development in Riyadh and the Arab Petroleum Investments Corporation in Dammam.

The presence of special low-interest funds tends to keep the domestic banks even further away from long-term lending. Since most bank deposits are short term, it would be difficult anyway for them to lend long. But with the rising popularity of syndicated loans and bond issues on the international market the National Commercial Bank and the Riyad Bank have both begun to participate as co-managers and providers. The National Commercial Bank all but managed a SR100m. ($28.6m.) syndicated loan by itself last December. The loan was in favour of a Saudi fertiliser venture between the Saudi Research and Development Corporation (Redec) and a Lebanese partner. The Lebanese partner withdrew from the project, however, and the loan was never brought to the public.

Reluctance

SAMA has been thought reluctant to see the Saudi riyal becoming an international currency, but the last year has seen a number of big riyal loans made abroad, with participation by the NCB, the Arab Investment Company and the Riyad Bank. They joined the Banque Arabe and Internationale d'Investissement (BAII) of Bahrain in a SR100m. ($28.6m.) bond issue in March, 1977 for the Moroccan refining company SAMIR. The Riyad Bank and Apicorp joined BAII in May for a SR150m. ($42.9m.) bond issue for the Algerian shipping company CNAN. Last October six Bahrain offshore banking units led by the Banque de l'Indochine et de Suez syndicated a SR50m. ($14.3m.) loan to finance industrial plants in Jeddah and Dammam being built by Saudi Arabian Amiantit. The Redec group was the first Saudi company to raise a riyal loan outside the country. In May, 1977 Redec guaranteed a SR35m. ($10m.) note issue for its affiliate Interdec (Bermuda), arranged by the Luxembourg-based Arab Finance Corporation. This March the BAII in Paris was due to begin syndicating a SR300m. ($85.7m.) loan for Redec. SAMA has not offered obvious resistance to these loans, but they all appear to be for projects related either to Saudi development or to development in the Arab world. Perhaps SAMA would be less silent if offshore riyals were amassed for speculative purposes rather than for definite projects.

With the great volume of jumbo contracts priced in riyals being awarded to foreign firms there is no way of avoiding the flow of riyals into world money markets. Again these riyals are to some extent project-linked. But international demand for the riyal is affected, or rather overshadowed, by one great uncertainty. All Government contracts are underwritten by on-demand advance-payment and performance guarantees adding up to as much as 25 per cent. of the contract value. A syndicated guarantee facility of SR1.7bn. ($0.5bn.), counter guaranteed by the Dutch Government, was arranged last November for Ballast-Nedam on a SR6.8bn. ($1.9bn.) housing contract. A total of SR1.9bn. ($0.5bn.) worth of guarantees was put up for Philips and L M Ericsson for their SR7.9bn. ($2.3bn.) share of a contract to expand the Saudi telephone system. These are only two examples of the huge sum of guarantees out-

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مكرامن الأصل

Saudi Arabia presents the contrasts of a very large insurance market with very little in the way of a local insurance industry, or for that matter of governing rules and regulations. Virtually all business is thus transacted offshore, involving multinational operations.

Insurance

THERE ARE almost no figures to prove it, but Saudi Arabia is now probably one of the fastest growing insurance markets anywhere, and certainly the biggest national market in the Arab world, if only by a fairly short head. A reasonable estimate is that insurers' direct premium income on Saudi-resident risks has risen from about U.S.$80m. in the first oil-boom year, 1974, to perhaps $250-300m. last year.

Judging by the very large volume of construction and infrastructure contracts set in motion in the past few months alone, plus policy renewals on projects now completed, the figure could well increase further to around $400-500m. this year.

Anyone who becomes involved for the first time in the coverage of Saudi risks, whether as buyer, underwriter or broker, does well to make a mental distinction between "insurance market" and "insurance industry." The Kingdom has so far developed as a very substantial insurance market, but with no coherent, nationally-sponsored insurance industry to serve that market.

This situation may be about to change. There is currently renewed talk of national legislation on the registration, licensing and supervision of genuine Saudi insurance and reinsurance companies—a possibility that has been debated in the Kingdom's Government and business circles for at least three years.

In the meantime, in contrast with almost all other Middle East states, Saudi Arabia has no insurance regulatory agency and no body of law applicable to the insurance business. Some provisions of customary law, and conditions which the Government and other local employers have been able to impose on what has been essentially a buyers' market these past four years, have an important effect on the underwriting of contracting and other property and liability risks.

History

The uneven development of insurance in Saudi Arabia is in large measure rooted in history. Before the 1970s and indeed back in the interwar years, the relatively small general insurance needs of the then newly unified and independent Kingdom were served entirely through agencies which leading London and European insurers, and later Lebanese and other Arab, U.S. and Japanese companies, granted to the leading Saudi family trading houses. The biggest risks were largely connected with the development from the 1930s onwards of the oilfields, and these were dealt with through the in-house facilities of ARAMCO.

A second stage of development saw the arrival over the past decade, and particularly in the last five years, of professional brokers—often Lebanese or other Arab affiliates of the larger Lloyd's brokers in London. It was quickly discovered that there were fundamental market problems, which meant that in the absence of local capacity and local expertise, it became impossible for the brokers to confine themselves to their traditional role of intermediary.

The recent pattern of events, therefore, has been for brokers to obtain the binding authority of foreign insurers and reinsurers to write Saudi business on their behalf as full-scale underwriting agents. *The brokers' view now* is that had this step not been taken, much of the business would never have been written and both Saudi employers and their largely foreign contractors and suppliers—now coming into the Kingdom in large numbers from the U.K., the U.S., Korea, Japan and elsewhere—might have found their projects dangerously under-protected.

Alongside this development, it has become the practice to secure both outside reinsurance capacity and the participation of Saudi interests by transferring the "binders" to primary insurance companies formed to specialise in Saudi risks, but almost invariably not legally resident in the Kingdom. The discomfort with which leading Saudi traditionalists regard insurance, on religious and moral grounds, is now thoroughly familiar in the West. The younger generation of Saudi administrators and technocrats, however, now deny that the traditionalist view is an impediment to the development of a sound market.

At all events, the 20 or so foreign-managed Saudi "offshore" insurers now almost all have a Saudi majority among their shareholders. At this stage, therefore, the growing Saudi desire to exercise a measure of control over underwriting (and to share in the companies' earnings), is being satisfied through equity participation rather than involvement in technical management.

The first of these Saudi "offshore" companies was the Red Sea, managed from Jeddah but incorporated in Hong Kong. Set up in 1974, it has London Lloyd's broking group C. T. Bowring, Dowa Fire and Marine of Japan, Firemen's Fund of California and brokers Anslow Wilson and Amery, also of London, sharing a 22 per cent. minority of its equity, with local businessmen holding the majority. Similarly, Lloyd's brokers Stewart Wrightson, with its Lebanese affiliate Nasco-Karaoglan Group (at present Paris-based) manages Saudi General, which is a Bermuda-incorporated company. Other primary companies include Saudi Arabia Insurance (Bland Payne with its Beirut—temporarily Athens-based—affiliate Arab Commercial Enterprises); Saudi United (Commercial Union and Swiss Re) and the National (Munich Re).

Saudi and neighbouring Arab authorities and enterprises and resident expatriate managers of projects in Saudi Arabia are able to deal on a continuing basis with the local general agency offices which the new "off-shore" companies have set up in Jeddah, Dammam, Jubail and other centres. But it is usually strongly recommended that foreign contractors and suppliers seeking insurance packages to cover major works, the labour force (largely expatriate) and the transit of goods needed for such projects in Saudi Arabia should approach either their usual broker or direct insurer in their home country or, if known, the leading broker or insurer involved in the management and reinsurance of the chosen Saudi company. In this way, all aspects of the insurance—rating, underwriting arrangements and (so often a weak spot in Third World insurance) claims handling—can be organised and monitored centrally.

Although virtually all cover of Saudi risks is ultimately arranged outside the country and there can effectively be no local retention of premiums, the foreign professional insurance buyer will want to know everything possible about the performance of the local market to judge what kind of insurance deal he will be getting. There is no doubt that the big risks are there to be written: one of the largest insurance packages of all time, the $1bn. Jubail industrial port project, came out of Saudi Arabia. While the neighbouring Gulf states go into something very like economic recession, with major projects being reconsidered, Saudi Arabia's insurance needs seem likely to go on expanding apace for some time to come.

Professional

This potentially very large market has attracted some of the best professional minds in the international insurance market. But its existence against the background of virtual lack of national supervision and regulation — almost a classic free market — has inevitably attracted some "quick buck" operators. Foreign interests which established agencies in Saudi Arabia for two or three years with the aim of generating a rapid cash flow and then withdrawing have exerted an unfortunate "negative competition" of the market. They offered very broadly worded policies at sub-economic premium rates on which the established underwriters overseas could not avoid losses, let alone make a profit.

A further underlying difficulty for underwriters is the virtual absence of mass personal insurances: there is of course no life assurance business worth mentioning and little revenue from such classes as household comprehensive insurances, which provide composite insurers in the established markets with much of their bread-and-butter income. For reasons closely related to Saudi development and industrialisation, the great bulk of written premium income comes from a restricted list of commercial classes with a relatively high risk potential—CAR/EAR, industrial (mainly oil-related) fire, workers' compensation (which is compulsory), motor vehicle and marine cargo and transit.

Because of downward pressure on rates, port congestion, the acute shortage of vehicle repair facilities (too many vehicle casualties become total write-offs) and other problems, underwriters' experience of Saudi business in the past four or five years has not always been happy. The temptation to withdraw from important classes of business must at times have been strong: In general, however, underwriters and managing agents have stuck to their guns and are beginning to lay the groundwork of an efficient and expanding national industry. The counterpart to this is increasing acceptance in Saudi Arabia's centres of power that insurance is essential in an industrial society. This should bring increasing Saudi financial and technical involvement and must encourage international insurance interests to help with the creation of more local expertise.

J. J. Pryor

Banking

CONTINUED FROM PREVIOUS PAGE

standing on contracts for ports, airports, roads and other infrastructure. What would happen if one international contractor, or all contractors from one country, fell out of favour with the Saudi government and the guarantees were called? Would the world banking community be able to mobilise resources and find enough riyals to pay on demand, as they are bound to do? What would happen to the international market rate for riyals? Contractors are usually counter guaranteed by their governments, but the banks would have to find the money immediately. Because there is no precedent, apart from a flurry in Libya in 1969, banks involved in guarantees find it difficult to foresee what they might be letting themselves in for.

As the riyal becomes more international, world market forces affect its rate more strongly. Between July, 1977 and March 1978, SAMA adjusted the riyal minutely seven times upwards from 3.535 to 3.46 to the dollar, a total of around 2 per cent. SAMA was approximately maintaining the riyal's parity with the IMF's special drawing rights (SDR) to which it has been linked since 1975. But it did so with some reluctance, since any fall in the value of the dollar means that oil revenues have less buying power and that Saudi dollar assets fall in global terms.

Overseas

With the growth of riyal financing abroad, Saudi banks have sprung up overseas to get a share of the action. The Saudi International Bank, owned 50 per cent. by SAMA, 45 per cent. by foreign banks and 5 per cent. by the NCB and Riyad Bank, was set up in 1975. It offers expertise in riyal financing besides being one of SAMA's placing agencies abroad. Saudi and Gulf interests will have a 50 per cent. stake in a Saudi-Spanish bank to be opened in Madrid. Al-Saudi Banque opened in Paris in 1976. It is 75 per cent. owned by the private Saudi Arab Finance Corporation in Jeddah. Al-Saudi Banque and one of its shareholders, the Arab Finance Corporation in Luxembourg, this February opened the Saudi Finance Corporation (Saudifin) in Geneva.

Two Saudi individuals are internationally known for their banking activities, Mr. Adnan Khashoggi and Mr. Ghaith Pharaon. Pharaon used to own the Bank of the Commonwealth in Detroit but resold, he said, because of management problems. He also sold his interest in the Jeddah-based First Arabian Corporation just before the demise last year of Edward Bates and Sons of London. Mr. Pharaon recently bought a controlling interest in the National Bank of Georgia. Mr. Adnan Khashoggi has been known for his interest in small Californian banks. He still owns the Security National Bank there and in 1976 opened an International Institute of Banking and Finance at St. Mary's College in Moraga, California, to teach banking skills to Middle East and OPEC nationals. Mr. Khashoggi was due to open a new bank in Seoul, South Korea, on March 3.

David Shireff

It will be some years before Saudi Arabia's mining industry becomes productive but it should be profitable before the end of the century. It could also help to reduce the Kingdom's dependence on oil.

Minerals

THIS IS THE fourth mining era in Arabia's history, and *ironically so far the least* productive. The first was in King Solomon's time in 1000 BC, the second in the Abbasid period between 750 and 1258 AD, and the third, during the operations of the Saudi Arabia Mining Syndicate between 1939 and 1954.

However, a profitable future is promised by the end of the century. Sheikh Ahmed Zaki Yamani, who, it is often forgotten, is Minister of Mineral Resources as well as of Oil, told Saudi newspapers last July that Saudi Arabia expected "to begin exporting mineral production in the 1980s, to build up income from minerals in the 1990s, and to reach a very high level (of production) at the beginning of the next century when our oil income will gradually taper off."

At present the contribution of the mining and quarrying sector to the economy is limited. Indeed, the bulk of its contribution—$49.8m. or 0.12 per cent. of the GDP in 1974-75—came from the quarrying sector. Under the five-year plan the mining and quarrying sector is to grow by 15 per cent. a year to $100.1m. in 1979-80, but will still form only 0.14 per cent. of the GDP.

Created

The origins of the Directorate General of Mineral Resources (DMGR) can be traced back to 1947 when a Bureau of Mines and Companies was set up within the Ministry of Finance. The present organisation dates from 1961 when a separate Ministry of Petroleum and Mineral Resources was created.

The mineral resources section of the Ministry has a considerable staff of Saudi and expatriate geologists and geophysicists, which is supplemented by technical services contracts, the largest being with the U.S. Geological Survey (USGS), the Bureau de Recherches Geologiques et Minieres (BRGM), Riofinex (a subsidiary of Rio Tinto Zinc Corporation Limited), British Steel Corporation (Overseas Services), and two Saudi French groups—Arabian Drilling Company and Arabian Geophysical and Surveying Company—both subsi*diaries of the State Organisation* Petromin.

DMGR is involved in basic mapping and some mineral exploration. BRGM, whose sixth two-year contract, worth $11.3m., began in June last year, is predominantly involved in exploration. Riofinex is unlike the other bodies, which are governmental or quasi-governmental, and was introduced in September 1976 to provide a more commercial outlook as the mining programmes moved towards the final stages of feasibility studies.

Finally, the BSC was in mid-1976 awarded a 50m. riyal ($14.3m.) contract for four years, specifically to investigate the iron ore deposits (estimated at 400m. tonnes of 42 per cent. iron) at Wadi Sawawin in the north west near the Jordanian border. It aims to produce a feasibility study to determine the economic viability of the *deposit, particularly in relation* to local industrialisation. (Estimated at 300-400m. tons of 42 per cent. iron).

In geological terms, Saudi Arabia falls broadly into two halves divided by a boundary which snakes through the centre of the Peninsula and curls westwards towards the south Jordanian border. The western and older area is known as the Pre-Cambrian Arabian Shield. Apart from gold, silver and *copper, which were mined in* ancient times, lead, zinc, iron and nickel are known to be present.

The East part, which is of much younger geological age, could be a source of minerals such as lead, zinc, copper, uranium and barytes, and large phosphate deposits are known already. Various non-metallic industrial minerals have been found in both geological environments. Limestone, clay and gypsum are already mined for local industrial purposes.

The starting point for any systematic mineral exploration is accurate geological mapping. The first geological map of Saudi Arabia was produced by the USGS and Aramco in 1963 based largely on photogeological evidence. More detailed mapping was started in the 1960s and now some 65 per cent. of the shield has been mapped at scale of 1:100,000.

In the Eastern Provinces, the programme of searching for metals is so far based on the hypothetical model and concept that, because in other parts of the world where oil has migrated through carbonate rock and significant deposits of, for example, lead and zinc have *been found, the same might* occur here.

The concentration is thus at present on building up as complete a picture as possible of Saudi Arabia's resources rather than on production of minerals. In the fiscal year 1976-77, DGMR, USGS, BRGM, Riofinex and BSC were involved in about 120 different activities mainly on the precambrian shield ranging from detailed mapping, the exploration, exploitation and drilling of deposits, compiling aeromagnetic surveys and evaluating water resources (for their own mining purposes).

The collection of this material and its storing in computerised form has become increasingly important to the way in which Saudi Arabia runs its mineral operations.

Fundamental to the government's attitude is that operations should be carried out by the private sector, including foreign companies. Private exploration and mining is regulated by a modern mining code.

Three documents can be awarded: the reconnaissance permit, the exploration licence, and the mining lease. The first has the advantage that it acts as a basis for a work permit for foreigners, and allows the holder to import equipment duty free.

The second entitles the holder to have exclusive rights for up to five years over an area up to 10,000 square kilometres. The licensee undertakes a phased exploration programme and guarantees minimum expenditure. Such a licence is granted normally only after the company has itself inspected DMGR's files, carried out field reconnaissance and concluded a partnership agreement with the state organisation Petromin.

Most existing agreements are on a fifty-fifty basis. Exploration costs are capitalised; expenses on the area by the government before the granting of the licence are credited to the government.

On the third—the mining lease—no royalty is charged. Taxation is either through income tax (after a five-year tax holiday starting from the date of production) or through a previously agreed profit sharing arrangement.

Arabian Shield Development of the U.S., with the National Mining Company, owned by Saudi Arabia, have been exploring since 1970-71, nickel deposits at Wadi Qatan and zinc-copper at al-Masani close to the Yemeni border, where the stage of starting underground exploration has been reached.

Underground

Since 1973-74 Serem of France and U.S. Steel have had a concession to explore for copper in Jebel Sayid between Mecca and Medina. But here as elsewhere in the Kingdom, the low world price of copper has held them back from proceeding towards underground work.

Consolidated Gold Fields of Britain has since 1976 been exploring King Solomon's mines at Mahd al-Dahab (they were successfully mined 1938-1954) near Jebel Sayid and plans to turn to underground sampling.

Noranda of Canada has halted work on copper deposits at Kutam near the Yemeni border because the grade and size did not warrant further work at the present price of copper.

Granges of Sweden is to start a drilling programme to explore the phosphate deposits at West Thaniyat (estimated at 190m. tons of 23 per cent. ore) near the Jordanian border. The same company is in line for licence to obtain a concessio roughly similar to one ceda in 1975 by *Nippon* Mining an Mitsui and subsequently su rendered. This licence will to explore a copper-zinc-go silver orebody in the Nugra area northeast of Medina.

Finally, BRGM is supplyin two advisers to the Saud Sudanese commission, which h awarded contracts to Preuss of West Germany and Argas t study metal-rich muds situat in an axial trough 2,000 metr down in the Red Sea. Problen include raising the metallifero mud, concentration of the or and disposal of waste.

It is still some years befo Saudi Arabia's mining indust will become productive an then profitable. Much mo exploration and evaluation finds is needed. The opening a mine requires the extensiv development of infrastructu transport and water supplies.

Which mineral is most lik to be produced first? Were t price of copper to double fro its current level of around 60 cents a pound it would becom economic to develop copp deposits in Saudi Arabia—an inevitably elsewhere. At pr sent, gold—a mineral relativel undemanding in transport facil ties—would seem to be th quickest to develop and cou be in production in three t four years. It is reckoned th iron and phosphates, subject feasibility tests, would tak between five and seven year Others might take longer. would seem that Sheik Yamani's forecasts need not b that far off the mark and th Saudi Arabia could have on t in a decade the beginnings an industry which eventuall may help to replace the Kin dom's dependence on oil.

A.McD

A massive contract signed in January aims by 1980 to give Saudi Arabia one of the most modern and efficient telephone services in the world.

Telecommunications

SAUDI ARABIA has to-day 198,800 telephone subscribers. By the end of 1980 it expects to have 670,000 automatic telephones connected, providing one of the most modern and *efficient services in the world.* The contract for this great leap *forward* was signed in January with Philips of the Netherlands, L. M. Ericsson of Sweden and Bell Canada. At a cost then estimated at $3.1bn. the three companies have undertaken to expand the network by 470,000 lines in three years with additional management for five years. The price has already gone up because Bell Canada, handling the five-year service *contract, has agreed to do an* extra $400m. worth of building.

The present Saudi telephone system for both domestic and international calls is heavily overloaded but nevertheless gradually becoming more workable. In theory, there is direct dialling from the main cities to London and elsewhere, but the only way to guarantee a call is to book it through the operator. Direct-dialling to Bahrain from Saudi Arabia was introduced recently. Until Saudi international links have improved, Bahrain, with its near-faultless service, may well be the best channel to the outside world. Saudi-based companies could be tempted to open relay offices there.

Inside the country the telephone system installed by L. M. Ericsson between 1964 and 1974 is severely stretched. As phalanxes of new buildings spread out from the towns, telephone *links have been outpaced.* A few lucky companies outside the main cities have been allowed to use radio telephones instead. The rest make do with telephone lines that can go dead after a sudden rainstorm, or after a trench has been dug by an over-zealous contractor.

Delays in awarding the big telephones expansion contract have not helped the situation. Philips was originally called in to negotiate the contract alone. Rumours early last year that the asking price had escalated to $7bn. were followed by the news that talks with Philips had been broken off and that the work would go out to public tender. Two U.S. companies with good Saudi connections set up consortia, feeling that Philips was finished. International Telephone and Telegraph brought in United Telecommunications of Kansas, and Western Electric led a U.K. team of Plessey, *British Insulated Callendar's* Cables and Cable and Wireless, with the British Post Office in a consultancy role. Nippon Electric Company of Japan also tendered for a part of the contract. Philips worked quietly at putting together its own consortium. When the bids were opened on September 27 there were huge discrepancies in the prices. The Philips consortium was the lowest overall, but mainly because its bid for part three, the five year operation and maintenance job, was half that of Western Electric's and four times less than ITT's. Clearly there had been a problem with interpreting the tender specifications. But Philips had won in a straight contest and in three months, after the proposals had been evaluated by experts from Arthur D. Little, Norconsult, Swedetel, Preece, Cardew and Rider and the International Telecommunications Union, Philips was promised the contract.

The Philips-Ericsson proposal will provide the average subscriber in Saudi Arabia with a standard push-button telephone: 400,000 specially-designed instruments are to be provided. There will be revised systems for telephone numbering, charging, subscriber services, and telephone directories. About 2,000 public call-boxes will be installed. Philips and Ericsson have planned integrated production for switching systems and other equipment. Philips will supply its PRX (Processor controlled Reed Exchange) switching system, while Ericsson will update the ARF 102 switching equipment it has already installed, and the ARE 13 system it is at present installing under another contract, and integrate *them with its most modern* system, the ARE 11.

Bell Canada's side of the contract will be done under the mantle of a new state concern called The Telephone Company, which Bell Canada will manage. The Telephone Company is to handle operation and maintenance of existing as well as future lines. It inherits 1,800 staff already working for the telephones department and will employ and train others. The *ultimate aim is to Saudi-ise the* entire telephone network, that is, to have it run predominantly by Saudi personnel. Tele-Plan, a subsidiary of Norconsult of Norway, is doing overall planning and supervision of the telephones project for three years, under separate contracts worth $135m. awarded last December.

Upgraded

The infrastructure of Saudi telecommunications is being upgraded under another contract awarded to Western Electric in May last year. Western Electric's $400m. job is to set up microwave links across the country, in two stages. The first stage covers the northern region, the second the southern region and eastern province, linking Al Wajh, Jizan, Najran, Abha, Riyadh, Dammam and Arar. Sirti of Italy has already completed a microwave link between Jeddah and nearby Taif, the government's summer capital, and laid a coaxial cable between Dammam and Riyadh.

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Industry in Saudi Arabia is so far on a small scale only, much of it in the hands of non-Saudis. However, Saudis are being encouraged to take a greater interest, and the country's resources are being mobilised to build up the infrastructure that will be needed.

Manufacturing

E ARE no industrialists i Arabia," was the para- comment of a Saudi alist last year. Although little tradition among rchant class of getting siness at the manufac- stage, the Government n making efforts since lead them by the nose ight industry. Conse- , the reluctant investor t paid to set up a local that might stem the f foreign brands and . the base of the Saudi r.

esult has been the rapid ment of light consumer ruction materials indus- inanced as much as ent, by the Government, the heavier industrial s are left to be tackled autonomous State enter- the General Petroleum Mineral Organisation in) and the Saudi Basic es Corporation (Sabic). diate industries, al- planned, are mostly still for the development of ucture, or of the oil s and petrochemicals hat will feed them.

ving

other end of the scale re an estimated 9,000 thriving "industrial" ses such as bakeries and shops which, according l estimates, contribute third of value-added in oil industrial sector. of these enterprises are have not been, in the Saudis at all, but were by Yemenis or other nts. A ruling early last nned non-Saudis from uch concerns. As well g to solve the man- ortage in the construc- tor, that ruling may ouraged Saudis to take r interest in industry oots level.

For the first 18 months of the Five Year Development Plan (1975-80) industrial licences were granted for almost any project that might get off the ground, even if it was unlikely to return the investment. The chief financing body for private industry is the Saudi Industrial Development Fund (SIDF), set up in 1974 to provide up to 50 per cent. financing at 2 per cent. interest for any industrial project.

According to last September's figures the SIDF had made loans totalling SR7.6bn. ($2.2bn.) for 325 projects, and had positively rejected 117 out of a total of 708 applications. Of the approved projects 117 were for the production of building materials, 77 for electricity production, 38 for metal products, 15 for plastics, 12 for food and beverages, 11 for chemical or gas products and medical goods, 10 for furniture, nine for paper processing and printing, and seven for motor engineering.

The SIDF lays down criteria for a project's eligibilty. The venture's voting stock must be at least 51 per cent. Saudi-owned, although the Saudi share of the equity may be as low as 25 per cent. The project must be consistent with the Kingdom's industrial development policies, it must provide a "reasonable assurance" of repayment, provide for comprehensive training of Saudis, yield a satisfactory return to the investor and assure competent management.

The Fund's assistance cannot exceed 50 per cent. of the borrower's needs over the first three years but must be more than SR500,000 ($143,000). The Fund insists that it plays the role of chief creditor in any project it helps to finance.

According to sources inside the SIDF the criterion of a "satisfactory return" has not always been stringently applied. The Ministry of Industry and Electricity has often been pleased that applications have been made at all, apparently feeling that the sight of factories going up in designated industrial zones would encourage others to build. But late in 1976 the SIDF did move to stop encouraging projects in some sectors that might become saturated.

Cement

This was particularly true of cement, building block and tile production and for some metal goods used in construction. By mid-1977 the ban had been extended to 74 products in 11 sectors, chiefly the food industry, chemicals, building materials, metal and electrical goods.

With demand thus saturated, it was clear that future investors would have to do more careful market studies and perhaps add the enticement to SIDF officers of export potential. To help them the Industrial Studies and Development Centre (ISDC), part of the Industry Ministry but housed in the Ministry of Commerce, has steadily been commissioning and publishing its own studies, ranging from projections of cement demand over the next ten years to a view of the potential for a motor cycle assembly plant.

While some investors are waiting for the infrastructure to be built, others are ahead of events. In industrial zones at Jeddah, Damman and Riyadh, which are still in the first stages of preparation, some 15 private factories are already going up. Sites for another 112 have been leased. Three other zones are planned at Mecca, Al-Ahsa and Al-Qassim besides the two major ones at the future industrial cities of Jubail and Yenbo.

The incentives offered by the Government to new manufacturing enterprises include a low rent in industrial zones of SR0.08 a square metre; subsidised power and water; duty exemption for most imported goods, exemption from company tax for 100 per cent. Saudi companies (apart from 2.5 per cent. Islamic *zakat* on liquid assets); a five-year tax holiday for joint ventures at least 25 per cent. Saudi-owned; and a preference by the Government to buy their products provided the price is within 10 per cent. of foreign competitors. Certain foreign products also face a protection barrier of 20 per cent. added to price.

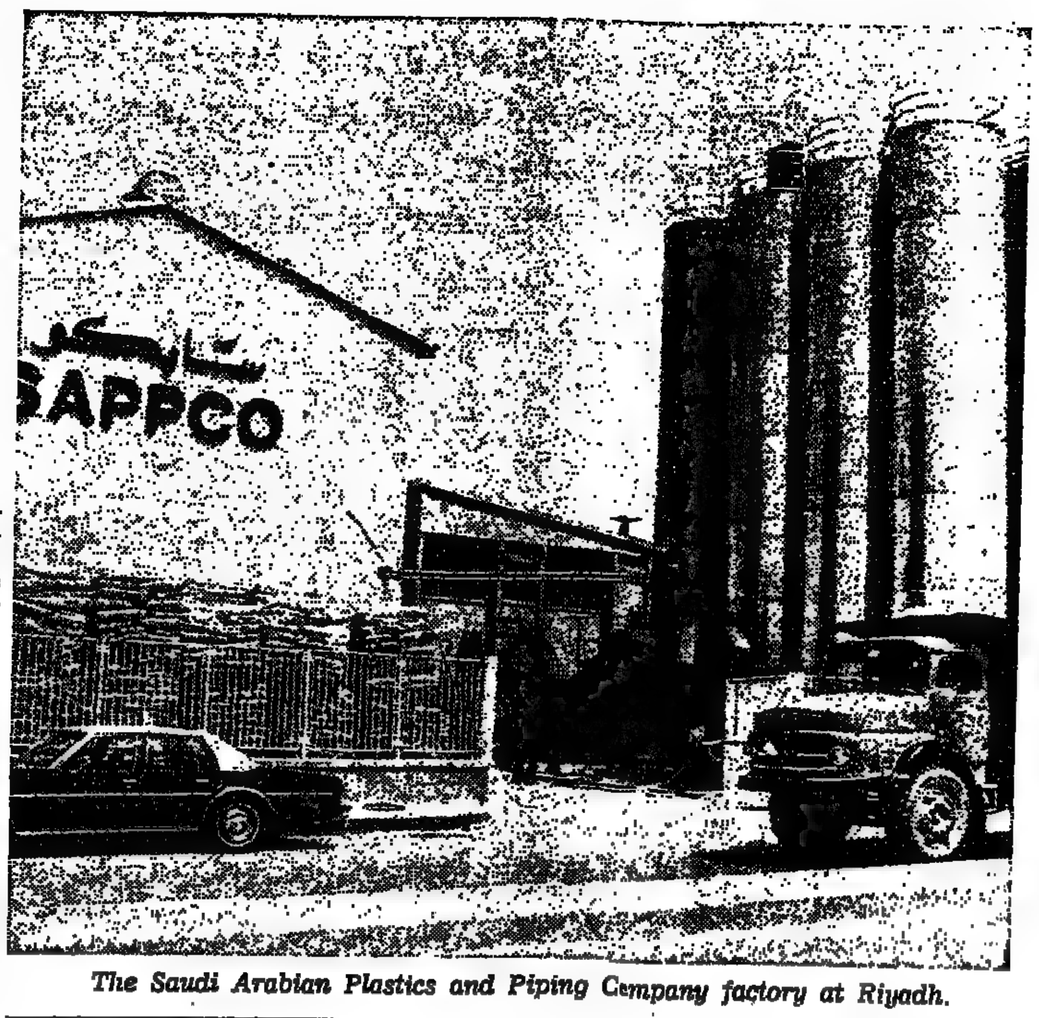
The Ministry of Industry appears to have decided that current incentives are not enough. It has drafted plans to increase the tax holiday from five to eight years in certain cases, at its discretion. Its preference policy for local products is also to be enlarged. Domestic goods may be preferred in some instances even if they cost over 10 per cent. more than their foreign rivals.

Protection barriers will not be erected for all domestic products. General Motors pulled out of a truck assembly venture two years ago because it could not secure protection guarantees. Mercedes Benz, faced with the same hard fact, has gone ahead and built a truck plant with E. A. Juffali and Brothers in Jeddah. Realists fear that a venture so dependent on imported materials will never make money. In fact Juffali does appear to be having some difficulty selling its output.

The age of Saudi heavy private industry is not yet here. It is Sabic's to lead the private secter into it, one of the methods being to form joint ventures with foreign companies to invest in industries which involve heavy long-term capital outlay and some risk. Sabic has signed interim agreements for ethylene, methanol, fertiliser and steel plants, but its foreign partners are hovering on the edge of firm commitment.

Sabic is supposed to devolve 75 per cent. of its shares to the Saudi public in four years' time, but considering the delays that time-scale may be lengthened. However, the principle behind Sabic has already been taken up by one Saudi entrepreneur. Ghaith Pharaon plans to offer the public a third of the shares in his joint venture Saudi Chemical Processing Corporation three years after it has built a phosphates fertiliser plant. Unfortunately the pull-out of his Lebanese partner last December has meant the project is in abeyance.

David Shireff



The Saudi Arabian Plastics and Piping Company factory at Riyadh.

Telecommunications CONTINUED FROM PREVIOUS PAGE

Ericsson has laid a coaxial cable linking Dammam, Jubail and Kuwait, and established a microwave link between Dammam and Bahrain. The next international connection to be made should be a coaxial cable under the Red Sea to Sudan.

Saudi Arabia is involved in three satellite telecommunications programmes. The first is the world-wide Intelsat system for which three big dishes have been built at Riyadh, Damman and Jeddah. The country belongs to Arabsat, which will eventually link all Arab states. Domestic links are being reinforced by 11 ground satellite stations built by Harris International Telecommunications of the U.S. Unmanned stations at Jeddah, Medina, Hail, Abha, Buraida, Tabuk, Baha, Jizan, Najran and al-Jouf are linked to the Intelsat network through a central station at Riyadh. The stations, incorporating Harris's Unitel system, were due for completion around March this year.

An expansion of the telex system is being undertaken by Gentec, part of the Saudi Alireza group, with assistance from ITT. There were about 6,000 operating subscriber lines at the end of 1976 and those should be increased to 9,000 by the completion of the project. Another contract is being negotiated that would give Saudi Arabia the only multiple-exchange fully electronic national telex network in the world, with the setting up of two computerised stations. A strong contender for the contract is said to be Gentec, which would thus become the first Saudi firm hired as a prime contractor for a telecommunications project.

Radio and television networks are being expanded. Medium-wave radio stations are under construction at Jeddah, Qurayat and Duba by Continental Electronics of the U.S. and Edok-Eter of Greece. The contract for a fourth medium-wave station at Jizan in the south-west is expected to go out to tender soon. Tenders will also be invited shortly for a number of sound radio outside broadcasting units.

Televison

The development of a nationwide color television network is in the hands of the French. Work on the project was begun in September 1976 by a consulting consortium, Agence Française pour le Developpement de la Television en Arabie Saoudite (ADETE). The Saudi government established a special $1.2b. credit fund for the project, to finance subcontracts awarded to French contractors. Thomson-CSF and Television de France have a $400m. contract to supply and instal television equipment. Thomson is also involved, together with Electronique Marcel Dassault, and other French companies, in a $243m. project to build a nationwide civil and military aviation radar, electronic and wireless cover network.

Early this year Pye TVT of Cambridge was able to break the French television monopoly with a contract to supply two television transmitters to the Ministry of Information for locations north of Riyadh. Until the nationwide microwave system is built there is still a market for mobile transmitters. These will move to more remote villages as the system is extended.

D.S.

One way or another Saudi Arabia plans to have sufficient port capacity and facilities to prevent any check to the Kingdom's huge programme of industrial construction and development. Congestion in the main harbours has been cleared, leaving the way ahead clear to provide increasingly efficient berthing and handling space.

The ports

SEVERE CONGESTION is a thing of the past for Saudi ports—but will overcapacity arise in the future? That is the question at the heart of the Kingdom's present ports strategy.

The answer to the question, according to Dr. Fayez Badr, the planner who turned ports authority president 18 months ago, is that there will be slack capacity, but that this will be no more than the usual buffer allowance common in European ports.

Dr. Badr, who along with the predominant European consultants and management teams employed at the main ports of Jeddah and Dammam can take credit for the rapid clearance of the nine-month waiting period for ships in 1976, is firmly committed to expansion of the ports in line with the Saudi five-year plan.

But Dr. Badr is not entirely satisfied with the 150 per cent. increase in capacity implied in this plan. He believes that Jeddah, which has an unstarted outline plan for a fifth stage of construction beyond 1981, will by then have reached the practical limit of its development in terms of hinterland infrastructure and that two "satellite" ports will be needed.

Sites have already been earmarked 90 kilometres to the north and 90 kilometres to the south of Jeddah for these ports, which would have a minimum annual capacity of 2.5m. dwt.

Critics of the outspoken and sometimes imperious Dr. Badr, who communicates with shipping lines in peremptory style through long telexes or even newspaper advertisements, say that the projections on which this growth in capacity is based do not take full account of the very large savings in discharge time certain to be achieved through containerisation of cargo.

Estimates of the future degree of unitisation at the various ports differ, but Dr. Badr's own projections suggest that eventually, probably within the next five years, about 30 per cent. of all cargo through the port will be boxed. When it is considered that half the tonnage through both Jeddah and Dammam is building materials and cement, this represents 60 per cent. of all general cargo tonnage. Others in the Middle East shipping trades would argue that Dr. Badr's estimates are, if anything, too cautious. Ro-ro trade, in the Badr forecast, shows a 20 per cent. growth over the next decade. "We won't be taken by surprise, we have prepared ourselves," he says.

Lavished

So far as shipowners are concerned, the only aspect of the debate about capacity in Middle East ports in general which really concerns them is the fear that eventually they may have to pay dues which reflect the immense capital expenditure lavished on the ports all round the Gulf and Red Sea.

On past experience this seems unlikely. Although Dr. Badr has variously spoken of two and five-year targets to make every Saudi port self-financing, there has never been any real suggestion that self-financing meant covering capital costs. "Our ports are the most economical in the world," says Dr. Badr, a point he occasionally makes to the shipping lines in requesting them to reduce their tariffs. This year's budget for the ports he puts at SR8bn. against a total revenue in 1977 of SR250m. Clearly there is still a long way to go.

Improving productivity and eliminating waste are Dr. Badr's twin objectives now that congestion has been beaten. One of his favourite examples is the financial improvement now that the Government has been able to suspend the excessively costly programme of lifting cement from ships in the harbour by helicopter. This operation was costing the Government SR250 per ton of cement, but has now been replaced by specialist cement handling facilities in the port operated by Saudi entrepreneurs. The result, says Dr. Badr, has been a reduction from SR40 to SR12 in the price the consumer pays for a bag of cement.

Likewise he claims significant gains since he outlawed stevedoring in the port of Jeddah by ships' agents and placed a contract directly for the port authority, using Filipino labour supplies by Phil Sing Ports. He says the unified system is up to 50 per cent. cheaper, is faster and has contributed to a three-fold improvement in productivity.

Dr. Badr is reluctant to give much credit to his expatriate assistants for the improvements which have taken place. He has a somewhat niggling relationship with Gray Mackenzie over its role in Jeddah and has recently, in connection with the Phil Sing contract, reduced payments to the company from their original maximum of SR38 per ton of cargo handled—a figure which gives a hint, although by no means a precise indication, of the value of the three-year contract to the U.K. company.

Gray Mackenzie, part of the Inchcape group, employs between 1,500 and 2,000 of the 5,000 people working in the port, a fact which suggests a wider role than the merely advisory, but Dr. Badr insists that he does not employ port managers. Gray Mackenzie does, however, like the other consultants, have a training function and has recently set up a training school. At Dammam, where the consultancy/management contract is much smaller and is in the hands of Gulf Port Management Services, a consortium involving Scruttons of London and the Mersey Dock and Harbour Company, the preferred style is to double up on every management job with a trainee Saudi working alongside his British counterpart. Gulf has just over 70 staff in the port.

The main container berth at Jeddah is operated by the Marine Transport International Consortium, which involves Manchester Liners and a number of Saudi companies. In the $1bn. fourth stage of construction, still on schedule, there will be two more large container berths, each 250 metres long. A total of 19 conventional berths is included in this stage of expansion, which should be completed by 1980.

Complete

At Dammam the western port development is also proceeding to timetable, with the eastern scheme now complete. Throughput has increased by around 60 per cent. each year since 1975 and is expected to reach 8m. dwt this year—a figure slightly in excess of the port's theoretical capacity. Only 7 per cent. of total cargo (14 per cent. of all general cargo) is currently containerised, but this is expected to increase sharply as Japanese boxes come on stream later this year. Sealand will shortly commence a public container handling service, under contract from the port authority, from berths 31 and 22.

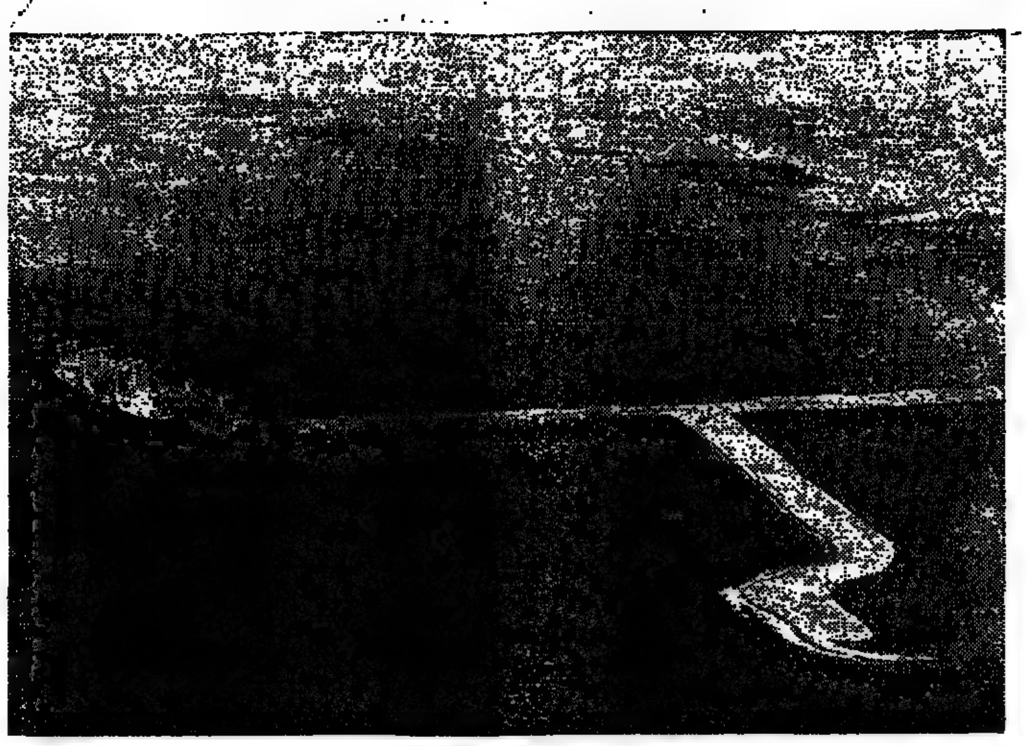
The total workforce at Dammam is just over 6,000, of which 50 are the Koreans, who are legendary efficiency in the Gulf. They work for Sakos, a joint Saudi-Korean venture.

Jubail port is situated 90 km north of Dammam and is undergoing transformation from a simple fishing village to a sophisticated industrial complex involving, eventually, refineries, steel mills and an aluminium smelter. Two harbours are being constructed—a commercial harbour specifically as a satellite for Damman and an industrial harbour to serve Jubail's own industry. There will also be a sea tanker terminal some distance fr[om the] harbour with a depth of [...] The total contract is val[ued at] $1.bn. and is due for [com]pletion by 1980. The [com]mercial harbour is plan[ned to] provide 16 deepwater [berths,] two for containers.

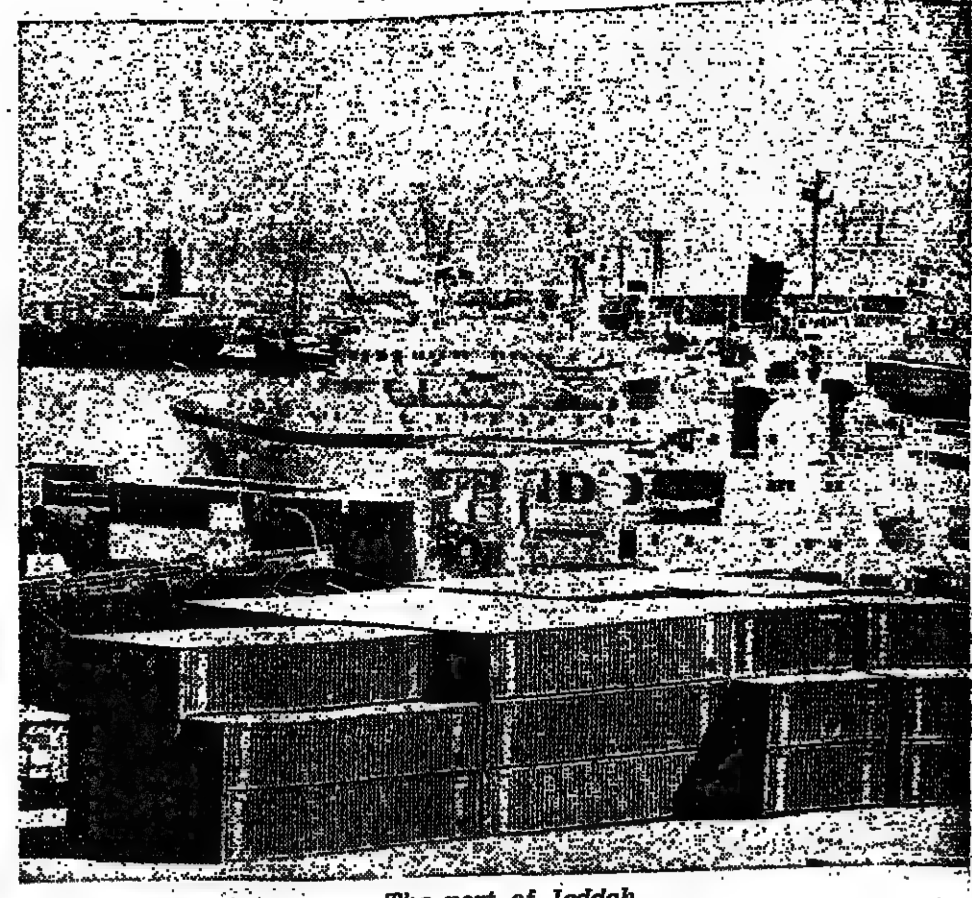
Yanbo on the Red Se[a ...] offer as its main facility [...] the biggest cement termi[nal in] the world, capable of ha[ndling] 700,000 tons a year. Apa[rt from] the cement berth, there [...] eight general purpose ber[ths.]

As Dr. Badr says, there [...] possible reason why the [...] economy should ever ag[ain be] blighted by the fact that [...] cannot be moved throu[gh] ports fast enough to me[et con]sumer demand and servi[ce con]struction programmes.

Ian Hargre[aves]
Shipping Corresp[ondent]



The pierhead at Yanbo, with a freighter discharging pipes. A desalination barge is also moored alongside.



The port of Jeddah.

PORT EXPANSION PLAN

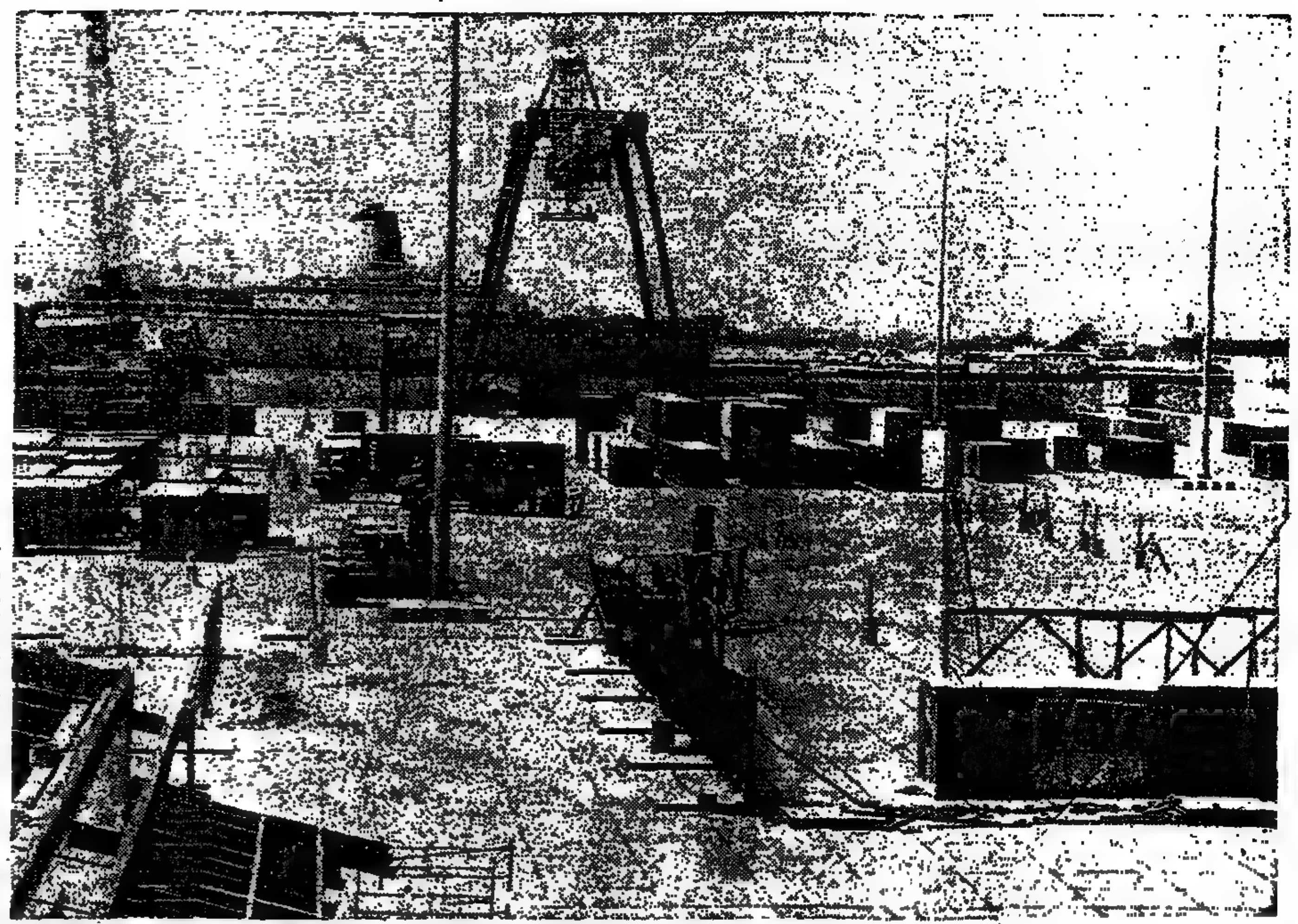
(a) = berths; (b) = tonnage in m.

	1977 (a)	1977 (b)	1978 (a)	1978 (b)	1979 (a)	1979 (b)	1980 (a)	1980 (b)	19.. (a)
Jeddah	27	8.2	31	10.6	32	13.3	36	14.3	45
Dammam	24	6.5	28	7.1	37	9.1	40	12.3	40
Yanbo	2	0.8	9	1.5	9	2.4	9	2.4	9
Jubail commercial harbour	2		10	0.65	16	3.9	16	5.3	16
Total	57	16.1	82	20.45	98	29.5	105	35.3	114

Tonnage levels, in m. d.w.t., refer in all years except 1977 to theoretical capacity. Figur[es ex]clude livestock.

Saudi Arabia is the sleeping giant of the shipping world. With one eye trained on the industry's chronically depressed markets, it seems to be awaiting the first hint of a revival. When it comes the Saudis will be well placed to take advantage.

Shipping



The container terminal at Jeddah, which is being constructed by Costain nternational.

...ITS large petrodollar ...ns and well-known interest ... downstream petroleum-...ed industry, Saudi Arabia ...lways been the most likely ...date among the Arab ...s for a spectacular break-...gh into world shipping. ...fore the present shipping ...p began, its plans were ...llose. Petromin (the ...-owned General Petroleum Mineral Organisation) was ...ng of a national fleet re-...ment purely for hydro-...ns transport of 100 pro-... carriers, 38 gas carriers ...as many as 400 very large ... carriers (VLCC). It was ...pectacular 10-year pro-...me, which would have cost ...where between $U.S.6bn. ...$18bn. to implement.

...e present reality is that the ...i flag fleet, boosted by a ...t pair of VLCCs from ...co for a joint venture com-... between the oil company ... Saudi interests, stands at ...d 3m. deadweight tons. ...min itself, through its ...ship subsidiary, has just ... ships, a 20-year-old mini-... tanker of 27,000 tons and ... 1975-built product carriers ...,000 tons each.

...t the great plan is, Saudis ... dormant not dead. They ...e that they were right to ...heir expansion plans into ... store when the markets ...sed in 1973-74 and, so far ... have not judged the ...nt to be right to re-acti-... them, in spite of a con-...us current of advice from ...ern consultants and ...rs that expansion should ...

...t of the explanation for ...audi hesitation goes deeper ... simply waiting for ship-... once more to become a ...able area of investment. ... has also been a fairly ... realisation that Saudi ...a, like the other Arab ..., lacked shipping manage-... expertise and personnel in ...ing like the quantities required to fulfil their ambitions and that to buy it in would be a contradiction of the ambition itself.

In addition, companies like Petromin and the many private individuals in Saudi Arabia who have shown themselves interested in shipowning in principle have begun to appreciate that their shipping objectives form part of an attempted restructuring of the way the world trades its petroleum and gas products. At the moment, for example, there is gross overcapacity in refineries, especially in Europe, and the Saudi plan for two large refineries by 1980 will depend for its success on the producer being able to arrange cost effective transport to markets in the U.S., Japan and Europe to enable it to compete with consumer country refined goods. Because Saudi capital costs in refinery construction will be high, this means seeking economy of scale in petroleum product shipping—in other words the development of the first very large products carriers, in the 100,000 to 250,000 d.w.t. range.

Technology

Such a plan not only involves an element of new technology in designing or converting such vessels, it involves getting the consuming countries to provide suitable off-loading points. The problems are even greater in the gas carrier field, where the Saudis are talking of building vessels up to 100,000 tons in size.

So Saudi maritime goals are far from simple to achieve, although this was certainly not fully realised by the many entrepreneurs who sought to leap aboard the shipowning bandwagon in the period before a traditional cyclical downturn in the bulk markets identified itself as the worst slump in living memory.

It was in this period that most of the more than 30 registered Saudi shipping companies, many of which are joint ventures, were formed. In recent months there have only been two prominent additions to the list: the Saudi International Petroleum Carrier company formed by Texaco, the Saudi Industrial and Real Estate Investment Company and two Saudi individuals; and a general cargo venture between Saudi interests and Jebsen of Norway.

About half of these companies have never traded and whether they will ever be elevated from paper status remains in doubt. None of them is large, even in the context of a national fleet which is less than a third of 1 per cent. of the world total. How justified then is the persistent confidence about expansion?

The first point is that the Saudis still have the cash at a time when shipowners, and especially tanker and other bulk companies, are facing increasing liquidity problems. Although in the case of the country most severely affected so far, Norway, a Government Guarantee Institute has helped to prevent widespread collapse, there is a strong feeling in the industry that during 1978 Scandinavian and some other bulk shipowners will be reduced to the traditional method of cash generation in hard times by selling their ships.

The sale price of a 1973-74 built tanker to-day would be about a fifth its new building cost, even for a vessel which may have seen little active service since delivery because of poor markets. Some industry sources believe that by the early 1980s one third of the bargain-priced world tanker fleet will be in Arab hands, compared with less than 3 per cent. now.

Progress has also been made on a maritime infrastructure for the Arab world, although Saudi Arabia lags some way behind in a number of areas. It still does not have a maritime law as such, and although it has access to Pan-Arab training establishments, such as the Alexandria Maritime Academy, it has not made as rapid progress with its own training establishment as was originally envisaged. However, a site has now been selected for this academy, also OAPEC-backed, in Jeddah, and a design contract has recently been placed with a British company. Completion is expected by 1982-83, when the Jeddah Academy will have a capability to take 1,000 students a year. It is still a rather long-term programme but, the Saudis insist, the right way to build up a sophisticated facility which will take its place alongside the Petroleum University as a leading educational establishment in the Arab world.

Favourable

The initial enthusiasm among Saudi investors for the shipping industry also had something to do with the prospect of getting favourable terms from the authorities, especially the possibility of getting cheap bunkers of the type available to Saudi coastal traders.

This theme of preference for home shipowners, either by cargo reservation, berthing priority or cheap bunkers, is one which raises some confusion to the outside observer. In theory, Saudi Arabia has, for example, a legal requirement that Saudi-registered tankers are to receive preference in allocation of cargoes of Saudi crude.

In practice, this edict is tempered by a proviso that the shipper must have the freedom to choose the more efficient ship and the most competitive rate—so unless competition between a Saudi and a foreign owner for cargo is on identical terms, the cargo reservation procedure never comes into operation.

This is all part of Saudi Arabia's attempt to strike a balance between public and private sector in shipping as in other areas. It lay behind the rather vague announcement earlier this year that the Government would support the formation of a single national Saudi tanker fleet, perhaps along the lines of the Kuwait Oil Tanker Company, in which Petromin would have a 30 per cent. stake and the rest would be subscribed by private investors, including existing tanker companies.

Government direction is also critical, of course, in the timing of refinery and liquefied petroleum gas developments. Two refineries, one on each coast, are intended to be on stream by 1980, each with an initial capacity of 250,000 barrels a day, to be doubled shortly afterwards. By 1985, Saudi expects to have an output of 15m.-20m. tons a year of LPG, which could be the basis for a fleet of gas carriers much larger in both number and individual capacity than anything the world has yet seen.

Government policy also determines the extent to which Saudi Arabia will back the two principal Pan-Arab shipping ventures: the Arab Maritime Petroleum Transport Company and the United Arab Shipping Company. Saudi Arabia is a fully paid up member of both.

So far as AMPTC is concerned, the Saudi view is that a national and Pan-Arab tanker and gas carrier fleet can co-exist happily as the Arabs begin to make their breakthrough as major shipowners. Also, the AMPTC philosophy of building a whole shipping industry, involving maritime law, brokerage, protection and indemnity, shiprepair and perhaps ultimately shipbuilding, rather than simply investing in ships, is very much in line with the official Saudi view.

Membership of UASC, however, which with over 50 vessels is much the largest Arab general cargo shipping operation, does involve a limitation on the size of any national general cargo shipping line of 120,000 tons. This limit, although apparently not under any official or public challenge in Saudi Arabia, is a source of irritation to some private shipping interests in the country who feel that the Kuwait-based venture is a threat to their own ambitions.

Private

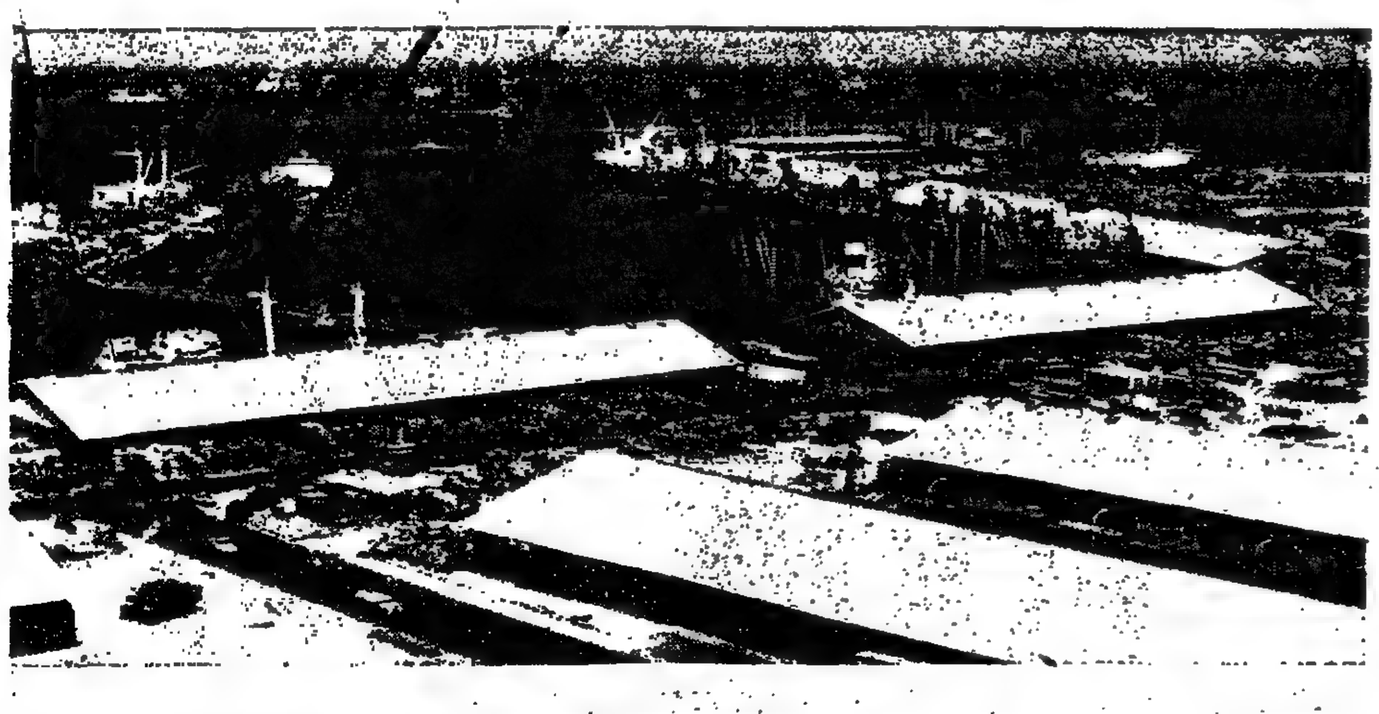
A good example is that of th National Saudi Shipping Lin (NASA) which, in spite of s title, is a private ventu company owned by the l-Quraishi family. It has plas to expand rapidly from its bsic Europe-Red Sea-Gulf operaon into containerised serces between Saudi and the U.S and Saudi and the Far East—a ove which if it happened wuld embarrass not only UASCbut a lot of other well-estabIhed operators as well. NSA certainly could not be acised of modesty when it claimd in London recently that its ojective was to win at least 4 per cent. of Saudi Arabia's raidly growing seaborne trade. At present the company s oprating entirely with a flee of chartered-in ships.

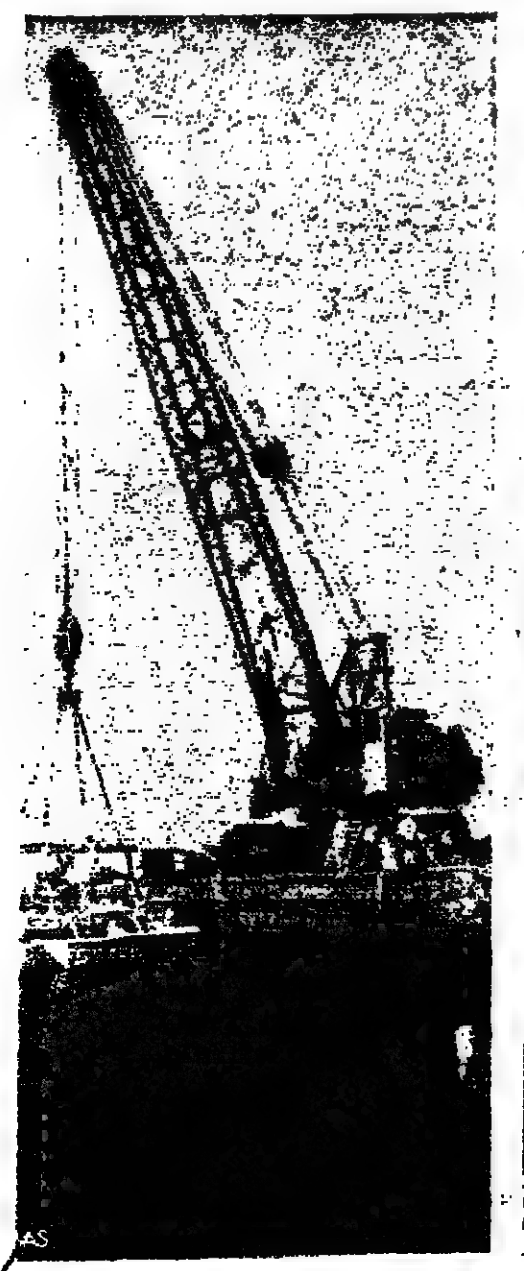
The emergence of any new line in the Middle East traes is, of course, a source of further pressure for those who are already established, and 1977 has been a year hen those lines serving Saud ports have ...en their margins cut to the ...one and in some cases well into ...he marrow.

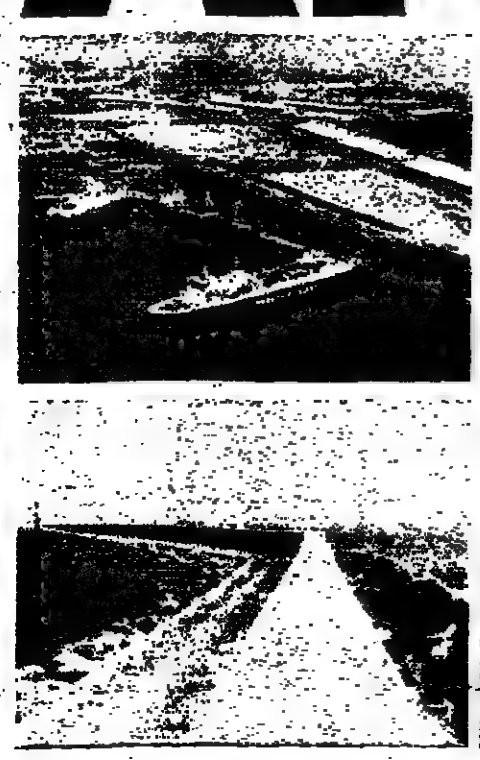
Since 1975, carrying capacity on U.K.-Jeddah, for example, is estimated by shipowners to have increased between 10 and 15-fold, and in the last year rates have come down by as much as 35 per cent. It was this situation which prompted 10 container lines serving U.K.-Jeddah to impose a minimum price of $1,800 a box from January. Much to their relief, this floor price stuck and has recently been edged upwards to $2,000 a box, although this is still well short of the $2,500 a box they were able to get 18 months ago. North Continent to Jeddah operators have followed suit with a slightly different pricing level, and lines in other Middle East trades are watching progress with interest.

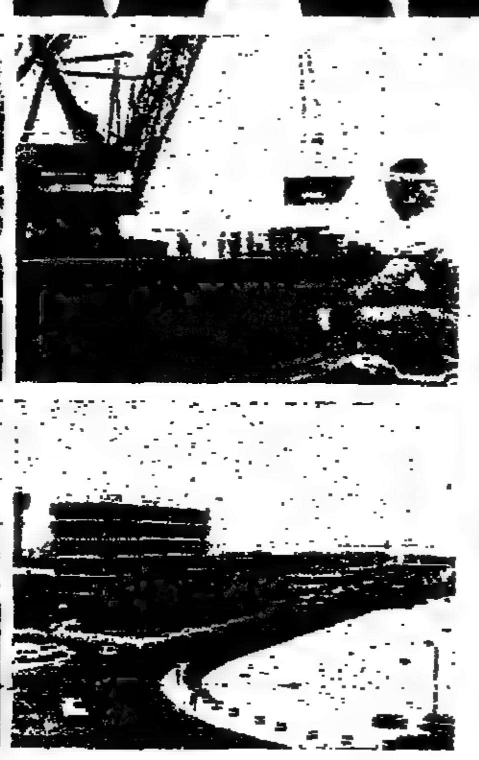
But for all the difficulties presented by overtonnaging on Middle East routes, they remain among the brightest prospects in the shipping industry—a fact which the Arabs in general and the Saudis in particular are bound to wish to exploit increasingly in the months and years ahead.

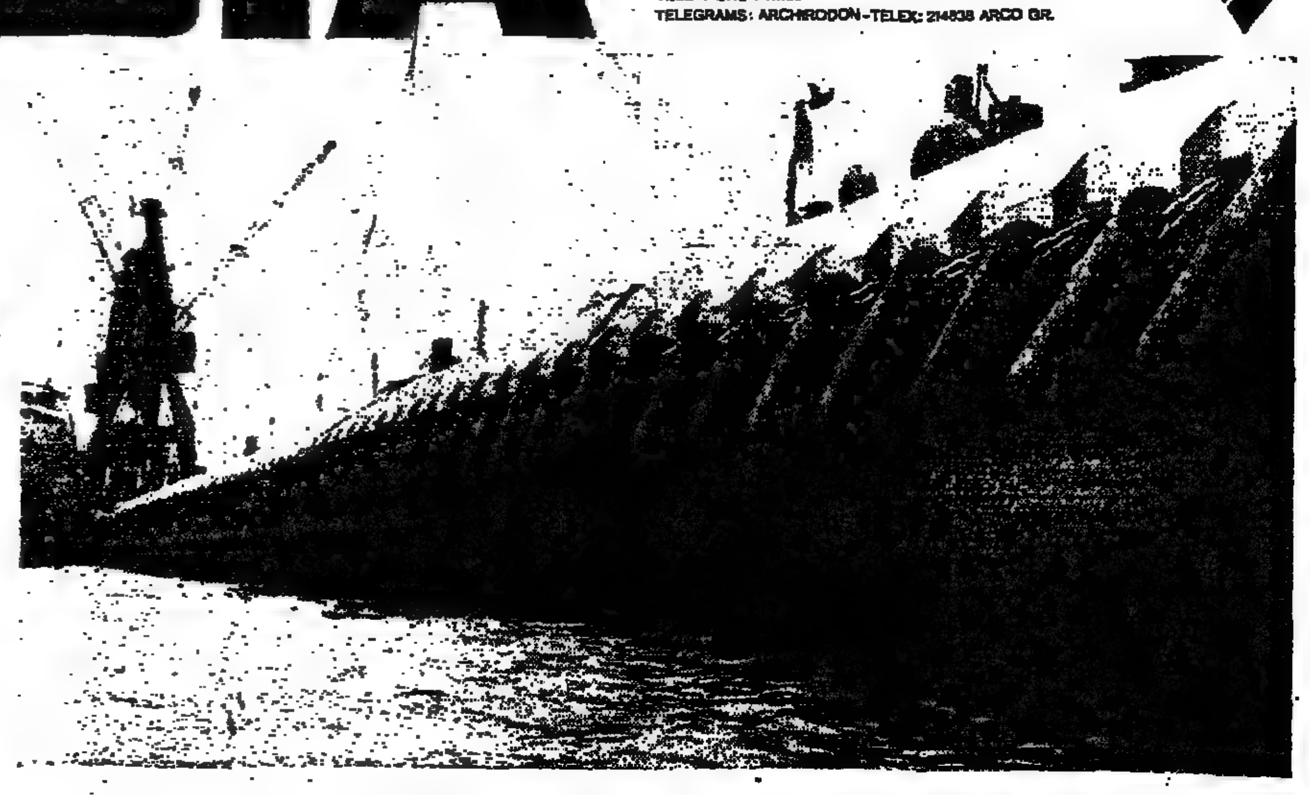
Ian Hargreaves

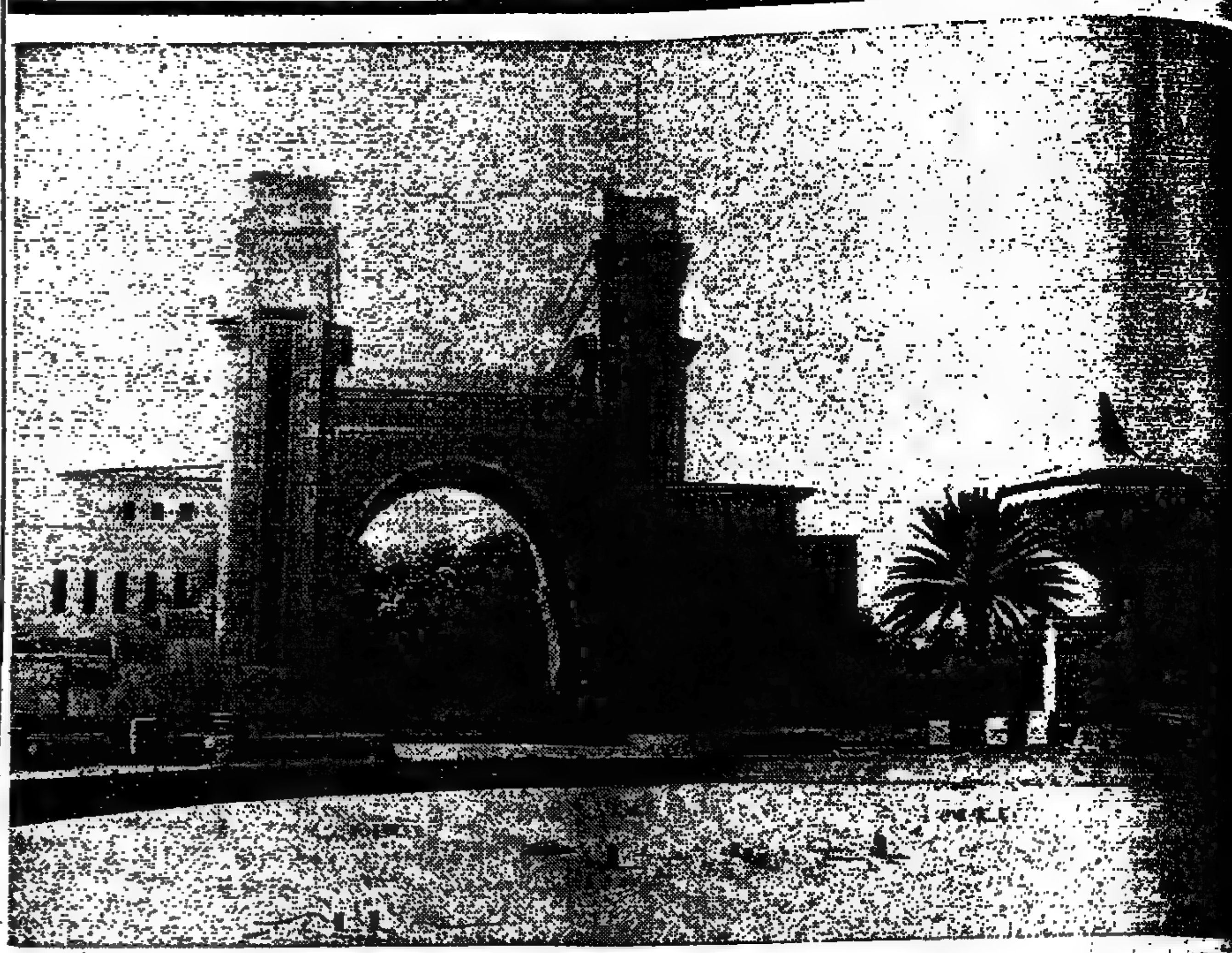












The Old Gate of King Saud's Palace in Jeddah.

Dominated by the observance of the laws of Islam, architecture has never been regarded as a decorative art in Saudi Arabia. This is one reason why architects now have to be imported from abroad. The vernacular architecture that remains shows how much has been lost.

Architecture

FEW TRAVELLERS to Saudi Arabia before the discovery of oil found anything worth praising about its architecture, even in topographical descriptions of the Holy Cities. The country was identified in everyone's mind mainly with deserts and rough shelters. If there had once been fine buildings, erected by the Abbasid or Mamluk, Rasulid or Ottoman dynasties, they had been destroyed by Wahhabi religious extremists, or had collapsed through neglect.

It is hard to explain the refusal these days to acknowledge the indigenous architecture, or to understand the kind of snobbery which could not appreciate an architecture unless it was built of stone or baked brick, or unless it showed some contact with the metropolitan traditions of Rome, Paris, Cairo or Istanbul.

Saudi Arabian vernacular architecture, where it still remains, is one of the most arresting in the world. With few other material possessions to be proud of, the sheikhs and merchants of the towns and ports had evolved, after hundreds of years of development, houses and forts with unique qualities of strength, order and utility. They maintained these largely mud brick buildings in their pristine state by frequent replastering and painting, which imbued the obviously perishable materials with the qualities of human care and concern we normally associate with works of the potter or the sculptor.

Varied

The styles of building varied across this vast land. Low and expansive in the north east, with high narrow rooms around brick paved courts, two or three to a dwelling, they had risen to two or three storeys in the centre of the country, with narrower courts to ensure shading in the heat of the day. Growing ever higher as one moved west, the houses were three or four storeys in the hill towns of the Hijaz and Assir, and often even more in the crowded towns on the pilgrimage route, such as Jeddah.

Mecca and Medina preserved a dignified and austere urban architecture, with tall town houses supporting, on the upper levels, projecting wooden boxes with screens, to allow women discreet glimpses into the streets below. Jeddah evolved bolder and more adventurous dwellings, so broken by wooden latticeworks and shutters on every side of the upper storeys that only the corner piers remained in masonry. At the end of the 19th century, storeyed wooden balconies with an incredible richness and complexity of carved and fretworked carpentry were added, projecting further and further out over the street as they went up, until they began receding at the top into delicate roof galleries and frail shade awnings against the sky.

In the south west the narrow fertile valleys in the high mountains have an architecture related to that of the neighbouring country, Yemen. The clay walls are protected against monsoon rains by closely spaced bands of slates, which project far from the wall surface.

The glory of all this indigenous building was brought to an end by the advent of cement in the first age of the new prosperity. This became widely used over the old buildings, removing their lustre and reducing them to anonymity. It then rendered them obsolete in their owner's eyes as flat-roofed International Style bungalows and apartment buildings spread inwards from the new suburbs.

That phase proved only temporary, for land values rose so fast that the centres of most of the old towns could no longer hold private houses, even those of the fabulously rich, and nondescript tower blocks took their place.

It is interesting to speculate that the causes of the lack of direction in modern Saudi architecture may be ultimately traced back several hundred years to the same sources that give rise to the modern religious and political strengths of the country.

Saudi Arabian attitudes to architecture are dominated by the observance of Islam according to the Hanbali rite, which is favoured by the ruling families. This has determined the culture of most of the country for 300 years. The Hanbali rite is practised by a strict puritanical sect which believes that Islam in its formative phase was a religion devoted to the worship of God alone in the most simple and direct way. For Mohammed—if he wanted buildings at all—and there is some evidence that he did not believe they were necessary as far as religious observance was concerned—is believed to have favoured an unostentatious and humble architecture.

Sympathetic

This view of architecture is a sympathetic one. The practical results of the policies of the sect have had three unfortunate effects, however. First it has resulted in the wholesale destruction of a great deal of the architectural heritage, particularly domes in mosques, tombs and buildings related to the beliefs of alien rites, which were demolished by the most fanatical of the rite's adherents, the Wahhabi, in various parts of Saudi Arabia during the 17th to 19th centuries

Second, it led to the cultivation of the attitude that fine architecture should not be enjoyed, and hence the deliberate encouragement of attitudes for contempt, both for the material heritage of the past and for the preservation of it in its environment.

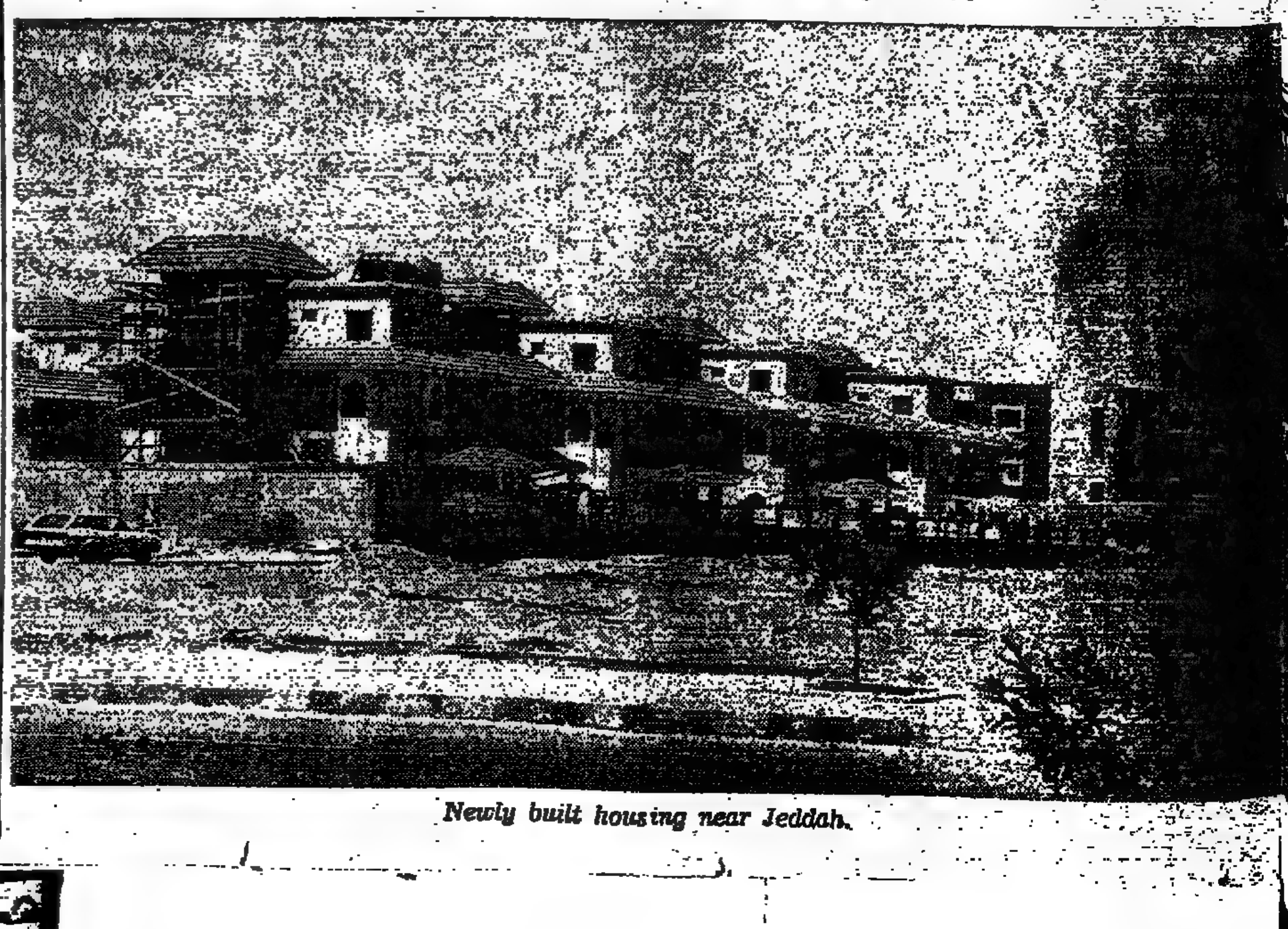
Third this has also stimulated contempt for the work of contemporary architects. This third unfortunate effect is probably the reason why there have been surprisingly few Saudi Arabian architects to serve the country since its rise to real prosperity, and this has forced the Saudis to resort to importing architects from abroad. Architects are as a result treated as technici[ans] basically of practical value purveyors of technology, little else. Quick to sense t[his] architects have made Sa[udi] Arabia a field for the operat[ion] of a new kind of architect[ural] colonalialism, in which [de]signers based in other count[ries] make quick visits to Jed[dah,] Riyadh, Dhahran or Dam[mam] and then produce expensiv[e] frequently unsuitable sc[hemes] in materials which have [been] imported almost to the la[st] door handle or glazed tile. This a[n] architecture which is oft[en] extremely inefficient and [ill] suited to the climate.

To-day the vocabulary of [the] International Style in archite[c]ture predominates as a dis[as]trously alien language in a la[nd] of buildings where tradition[al] walls were solid, screens [im]penetrable, and cantilever [and] overhangs were unknown. [A] few recent buildings manage[d to] escape the all-pervading medi[oc]rity. Yamasaki's Dhahran a[ir]port is one example, but [not] for its initial visual impressio[n]. Trevor Dannatt's conferen[ce] centre in Riyadh makes a [...] attempt at an interpretation [of] the simple drama of Saudi [tra]ditions. But most reflect [the] pragmatic reactions of designe[rs] to the vague and changin[g] wishes of their clients.

Attempts to revive an Islam[ic] architecture have resolved [in] feeble pastiche, or have [been] characterised by signal misu[n]derstandings of tradition, [for] example, courtyards joining [a] group of houses instead of se[rv]ing as the very kernel of priva[cy] in each living space.

So that when one wand[ers] into the ruined old city [of] Jeddah at night, and looks [up] at the light marvellously strea[m]ing out through the latti[ced] *musharabiyyah*, which for[m] almost all the wall surface [of] the top storeys—delicate tra[ns]parencies to permit the pa[s]sage of cool air—one can onl[y] lament the heritage that h[as] been lost.

Dr. Ronald Lewcock

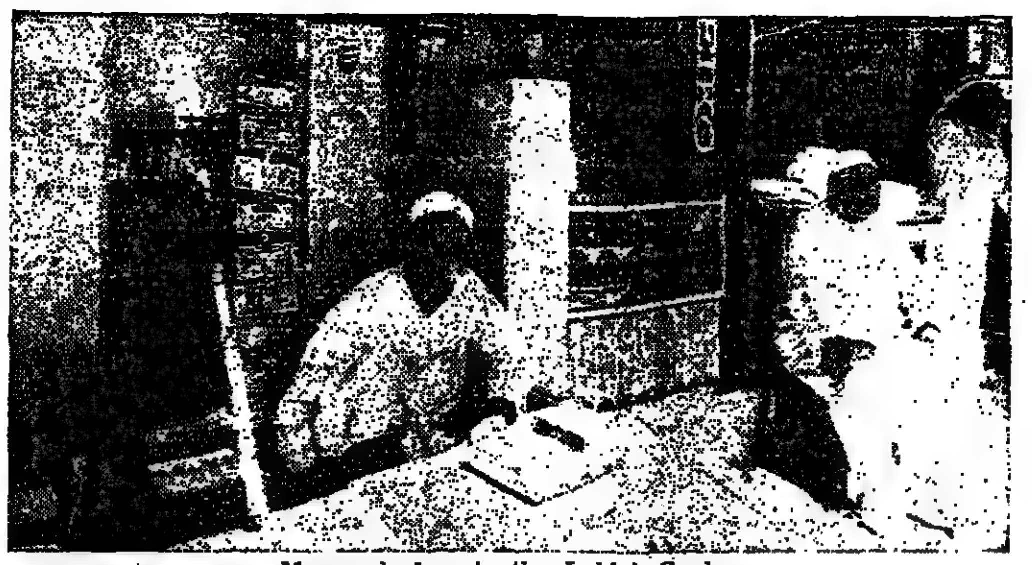


Newly built housing near Jeddah.

هكذا من الأصل

Although many of Saudi Arabia's business organisations are now run on a vast scale the family tradition still remains. The European needs to appreciate the characteristics of the business community in order to succeed.

The business world



Money dealers in the Jeddah Souk.

[A]T LEAST one Saudi business [ho]use is in the top ten of the [wo]rld's mammoth businesses [an]d several others are not far [be]hind. To the newcomer mov[in]g for the first time into the [wo]rld of Saudi business they [ma]y appear initially not far [dif]ferent from vast business [or]ganisations elsewhere in the [wo]rld. In fact they are very [dif]ferent. These huge Saudi [bu]sinesses have been built up [by] individual families in the [co]urse of one, or at most two [ge]nerations.

The businesses were built up, [pe]rhaps two or three decades [ag]o, when Jeddah, Riyadh and [Dh]ahran were small towns [wh]ere everyone knew their [ne]ighbours well. Business [tra]nsactions were carried out [be]tween friends and acquaint[an]ces and the social aspect of [th]e deal, sitting and drinking [co]ffee and conversing together, [wa]s as important to the [me]rchants of those days as the [mo]ney which changed hands. [Or] often, which did not change [ha]nds, for much business was [ta]ken on trust. As one young [Sa]udi businessman remarked, in [th]e days of his father it was [su]fficient to give one's word that [h]e would pay; there was no [ins]tant reaching for a cheque [bo]ok.

Saudi merchants to-day are [sti]ll firmly heirs to this tradition. The older men have grown up with it and like it. Their sons, back from America with a PhD in economics or business studies, have never lost the strong Saudi attachment for working with their relatives and doing business with personal contacts.

This means that the European businessman, keen to extend his business to Saudi Arabia, is wasting his time if he simply sits in his office at home despatching batches of letters to Saudi business houses. Most probably they will receive no answer at all; they will certainly make no impact.

Urbane

There is, unfortunately, no alternative to going out to Saudi Arabia, and to going frequently. Unfortunately—not because a visit to a Saudi businessman is an unpleasant experience; on the contrary, Saudis are urbane and charming hosts. It is, however, expensive and complicated to arrange. Visas take time to obtain, hotels are booked weeks in advance, a room can cost around £50 for a night. A visit to Saudi Arabia is a major expedition, which requires careful planning and patience if it is to be fruitful.

Once there, the businessman should call on all his Saudi contacts. Saudis at all levels are surprisingly accessible; even if one has not been able to make an appointment in advance (which is usually the case) they are quite happy to receive a visitor at virtually no notice.

Once he reaches his goal, after waiting in a crowded antechamber or among the throng in the merchant's or official's office, the visitor may feel that here is a busy man whose time he should not waste. But he must suppress his longing to come to the point, to plunge into the matter close to his heart and for which he has come so far. His host will take it as simple courtesy that the conversation is held as though there were all the time in the world. Everyday matters are discussed, bitter green coffee or sweet milk-less tea is served. If the visitor happens recently to have seen his host's brother or cousin in some distant city it can be a good talking point to set the ball rolling. The host likes to feel his way, to see what manner of man his visitor may be.

This personal contact may go well beyond the brief meeting in the business office. Many Saudi merchants invite their foreign business contacts to a meal (usually an all-male function), or to a day by the sea if they are in Jeddah or the Eastern Province. They will be pleased and flattered if the foreign businessman has taken the trouble to learn a little Arabic, even if he can go no further than the usual greetings. A fluent Arabic speaker will probably find it easier to establish close relations with his hosts, even though most of the conversation may still be held in English, for he will understand their culture and conventions and feel at ease with them. Back in England, an invitation to one's own home, a football match or an evening on the town, will be greatly appreciated by one's Saudi acquaintances.

It is at this stage, when the visiting businessman begins to know his hosts, that he can set about the task of choosing a Saudi agent or partner. If he is to establish a presence of his own in Saudi Arabia he will certainly need the assistance of a Saudi colleague who can advise him of business opportunities, help negotiate contracts, handle problems and formalities at the Saudi end and book air tickets and hotel rooms (perhaps the most vital service of all). A short list of businessmen in a particular field can soon be compiled; the foreigner should then get to know each of them, examine their track record, check that their help is actually likely to be effective in his own field.

Many foreign contracting, industrial and business firms choose to go into a joint venture operation with a Saudi company. Providing that the joint venture company is 25 per cent. Saudi-owned it qualifies for numerous benefits. First and foremost of these is a five-year tax-free holiday under the Investment Code (which may in the future be extended—eight or ten years without tax are under consideration).

A joint venture is also entitled to benefit from the assistance offered by the Saudi Industrial Development Fund, where it concerns a private sector industrial venture. The Fund is empowered to lend, on very easy terms, up to 50 per cent. of the capital cost of the development (excluding the cost of land). The Saudi partner may regard access to this loan as his share of the capital of the joint venture; it is important therefore to clarify the terms of the venture from the start.

Better access to market information is one of the great attractions to establishing a presence in Saudi Arabia. While some Saudi firms will keep their foreign partners supplied with information, many do not have the time or inclination to do so. Information is as valuable as oil in Saudi Arabia and harder to find. There are few official publications, and such as exist are usually too outdated to be of much value in this rapidly changing environment. For instance, trade statistics date from two years ago, telephone directories from three, and there are no trade directories. The only way to contact a senior official or businessman may be to know his direct line telephone number; the only way to obtain this may be to ask him personally.

Saudis shun publicity and seem to prefer a somewhat reticent way of managing their affairs. They hate to give precise facts and figures, which might help their competitors. One young businessman explained that his family owned so many small and larger companies under different names because his father was a modest man and thought it wrong to make a display of his wealth.

Grapevine

Under these circumstances the businessman needs to keep his ear to the ground if he is not to miss opportunities. The only way to do this is the way adopted by the Saudis themselves: to keep constantly tuned into the grapevine by chatting to as many people as possible as often as one can. Gradually the shreds of information build up into an intelligible picture.

Many firms find that the only way to keep in contact with the market is to establish their own presence in Saudi Arabia. It is, for many, the ideal solution but one which requires careful consideration beforehand for the costs and problems involved are daunting. Rent of a three bed-roomed apartment runs at £10,000 to £12,000 per year; a small villa will cost some £15,000, an "executive" villa £30,000 a year. School fees are £1,500 to £2,000 per child per year, food and living costs about twice London prices.

Obtaining suitable office accommodation with a telephone is a major operation in itself and the cost of buildings near the city centres is extremely high. Labour is among the most expensive in the world, with day labourers earning some £9 per day, chauffeurs (necessary because women may not drive) costing £3,500 a year, a maid £2,000.

The employer must cushion his expatriate personnel more than might be the case elsewhere. Expatriates expect to earn two to four times their home salary with all found. Even so, many find it impossible to settle down and the turnover rate is very high: 65 per cent. according to a recent Executives Resources International survey.

The average period spent by expatriates in the Kingdom is about 18 months according to the headmaster of one of the English language schools.

Finding accommodation, obtaining a telephone, getting to know the right people, negotiating for a contract, all take a long time. The return on one's investment will certainly not be instant. On the other hand, this is one of the most interesting and exciting markets in the world. A paint salesman recalled visiting a Saudi businessman who said: "Well I will give you a small order just to try your product." The happy salesman went away with the largest order he had ever taken and dreams of a golden future. Another, a small manufacturer of wool cloth, visited a tiny shop in a provincial town and was given a surprisingly large order. Could his client perhaps give him some sort of deposit, he ventured. "Of course, I will pay right now," answered the shopkeeper, pulling out a box from under his piles of cloth, from which he counted out several thousand pounds worth of riyal notes.

Edward Alexander

Shortage of manpower is proving a serious constraint on the country's development programme and Saudi Arabia is now recruiting workers from all over the world.

Manpower

[IT] IS ironical that a country [wh]ich, over the centuries, has [be]en a net exporter of popula[tio]ns, should find itself in the [mo]ment of destiny with an [acu]te manpower shortage. [Ar]abia has always produced [mo]re people than it could sup[po]rt. The most important [ex]odus from the peninsula was [in] the seventh century when the [wh]ole Islamic empire was staffed [wi]th settlers from Arabia, and [in] sufficient number to give the [Ar]ab world its character. Since [tha]t time tribes pushed out of [th]e penisula have continued to [set]tle in the neighbouring lands [of] Iraq, Syria and Jordan.

To-day the boot is on the [oth]er foot. Saudi Arabia is [dr]awing in manpower from all [th]e neighbouring states and, [in]deed, from the furthest cor[ne]rs of the world as well. The urge to achieve rapid development of a land some 900,000 square miles in extent, which in 1948 had but one asphalt road, has created an urgent demand for labour at all levels of the economy.

Saudi Arabia itself cannot provide the manpower reservoir which is needed. Figures for the indigenous Saudi populations have not been published but are believed to be low. A census carried out in 1974 clearly produced disappointing results. When the figures were finally published in 1976 a total population of 8½m. was quoted, but there was no breakdown of the figures into Saudi and non-Saudi citizens. Informed sources estimate that the indigenous population is between 3m. and 4m.

Choices

Faced with the need to increase its population, a state has two choices: it may create instant citizens by naturalising desirable foreigners, as some of the Gulf states have done, or it may attempt to boost the birth rate and reduce mortality. Saudi Arabia has for many years refused to give Saudi citizenship to foreigners; Palestinians who arrived in the early years of the exodus were often given Saudi nationality, but those who came after have not been able to obtain it. An attempt was made to boost the birth rate by officially prohibiting contraceptives, but the familiar packets of pills soon reappeared on the chemists' shelves. The drive to extend medical facilities and education can certainly be expected to reduce mortality.

The drive for an increased Saudi population will not, in the short run, reduce the need for foreign manpower. Saudis, with their tradition of proud independence, are notably choosy in the jobs which they are willing to accept. The general prosperity which has swept the Kingdom in the past few years enables them to continue to be so. As one oil company official remarked, the bedouin had flocked to work for the oil company in the early years but now they had no need of the money and many had returned to the easy-going life of the desert, or had bought themselves a taxi.

Saudis prefer to be their own boss. At the lower levels of society they are happy to work as taxi or truck drivers or even as chauffeurs, and over half a million have remained in the desert as pastoralists. At the other end of the scale they prefer to be managers and administrators. As one diplomat put it: "Many Saudi offices seem to be staffed by a highly qualified, competent senior official and a highly competent tea boy, with nothing in between." Middle and lower ranking jobs hold little attraction in offices, while in schools and colleges it is the administrative rather than the teaching posts which appeal to qualified Saudis.

Labouring jobs also fail to attract Saudis: few are found working on development sites or road construction, and by and large they are not interested in industrial labour either. One Saudi factory owner commented sadly that he had hoped to provide both skilled and unskilled jobs for his fellow countrymen and that he had been very willing to train them. He had, however, only managed to attract one Saudi worker and he was a cripple.

The armed forces provide the major exception to the rule that Saudis like to be chiefs rather than Indians. Fighting and handling weapons have always been considered manly occupations by Saudis. To-day they are quite prepared to go through long training programmes to learn to handle modern hardware, and are proud to serve as ordinary soldiers.

Half the Saudi population at present makes virtually no contribution to the economy. Women are narrowly restricted in the work which they may do, in that they may not work in proximity to men, and it is estimated that only about 1 per

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Saudi Arabia offers bigger financial rewards for the foreign worker than almost anywhere else, especially for those who are prepared to give up leisure time in favour of hard cash. But it also presents bigger problems for those who have not made adequate preparations.

Expatriate life

SAUDI ARABIA continues to be the "Gold Rush" state par excellence as far as the foreign worker is concerned. It offers more jobs for expatriates than almost any other country, and for unbeatable, tax-free salaries. Small wonder that so many newcomers are prepared "to give it a try," more often than not with the mental reservation that "it will only be for a couple of years anyway."

The hardest days for foreigners are now perhaps in the past. These were not, as one might imagine, ten or 20 years ago when foreigners were a rarity and facilities minimal. On the contrary, those who have stayed on from those days are all bitten by nostalgia for the good old times. The small size of foreign communities led to a close and easy relationship, regardless of rank, among compatriots. They also spelt easier social contact with Saudis. The foreign community in those days consisted of people experienced in living abroad: for most it was their chosen way of life. The Saudis felt at ease with this relatively small group of cosmopolitan foreigners.

When the boom came into full swing, four or five years ago, the Saudis found themselves suddenly overwhelmed by an influx of foreigners who seemed more alien because they were less accustomed than their predecessors to life abroad. The two communities drifted apart and many foreigners were disappointed to find that they could establish little social contact with their hosts.

At the same time the large numbers of newcomers lost the easy acceptance into their own community which had previously existed. People no longer "knew everybody" in their own group; newcomers often felt that they knew nobody. There was no ready welcome, nowhere to go to meet people (for there are no bars or social clubs), sometimes no houses to be found and no school places for the children. For ordinary young families who had not been out of their own country before it took considerable resilience to cope with such problems, loneliness, and the struggles of day-to-day survival.

To-day the foreign communities are larger than ever before and some at least of their problems have disappeared, either through sheer weight of numbers or through the increasing experience of employers. It is noticeable that the two firms employing large numbers of expatriates who keep their foreign workers longest are the two with most experience in the field—Aramco and Saudia. Saudia can offer the incomparable benefit of frequent free flights home to its employees and their families. Aramco has no such attraction to offer and must keep its people happy in often adverse circumstances, in desert camps and on oil rigs.

Welfare

Its concern with family welfare in quite small things makes people feel that someone cares. There is an office to sort out problems (staffed by one of the salaried wives); free plants are provided for the gardens; families may bring in one piece of their own furniture each year (freight paid); wives are offered jobs in the company's offices; camps are made as comfortable and attractive as possible: there are pools, schools, sports facilities. Under complete Saudi ownership concern for families is expected to be even better: one group of ladies is already looking forward to new kitchens which they have been promised.

Of course these facilities cost money and can only be provided on a large scale by large companies. Many smaller companies, however, are finding that help with their homes and surroundings may persuade their workers to stay on; that those who arrive at a camp "with a swimming pool" to be shown the place "where the pool is going to be" are more likely to turn round and go home.

Newcomers are rather less likely to spend lonely months before meeting anyone, simply because there are so many others in the same boat to-day. Embassies and women's clubs often organise tea or coffee parties where new wives can meet, companies introduce their people to each other, there are more communal activities which offer some sort of a meeting ground.

In theory clubs and societies are not permitted in Saudi Arabia, and four or five years ago those which did exist, such as sports and dramatic societies, kept a very low profile (which also made it difficult for newcomers to hear of them). To-day such associations are more openly tolerated and the cultural ones especially seem to be quite favoured. Arts groups flourish in the big towns and their exhibitions are reported in the Press, as are the performances of the dramatic societies which now attract numerous Saudis to their audiences.

Schools for non-Moslems were also theoretically not allowed at the time of the great boom and those which did exist struggled to remain unnoticed. Expansion under those circumstances was difficult and for several years there was an acute shortage of school places. Four years ago the Saudi Government announced a project to found international schools, which was tantamount to recognising the need for non-Moslem education. For a while existing schools waited to see how this would develop and over the past two years they have decided on a rapid expansion of their own which in this school year provided ample places. In Jeddah, for example, where the school situation had been particularly critical, the number of English language school places expanded last autumn to over 2,000, from less than 800 four years ago. The new Continental School was opened by a group of parents, some of whom had not found places for their children in existing schools; it started with 80 children but with a potential of 400 places.

In the other cities also school places for western children have caught up with demand, and there is now a far greater choice of language of instruction and school system. Most of the schools cover primary level, or just post-primary (up to age 13 or 14) only, and older children must go away to boarding school. The fees for these day schools are not low either, ranging from some £1,500 to £2,300 per year.

School fees are just an indication of the expenses involved in living in Saudi Arabia. Apparently very high salaries can rapidly evaporate if the contract does not cover provision of housing, schooling, medical insurance and fares home. House rents are particularly high, with a small apartment costing from £10,000 to £15,000 per year and comfortable villas reaching as much as £30,000-£40,000. Last year there was some indication that the rents might have peaked off, especially for apartments. There were stories of dramatic drops in the rent of some apartments where new buildings had saturated the market.

Despite the definite signs of easing in some fields, life for the expatriate in Saudi Arabia remains tough by most standards. The climate with its extreme heat and, on the eastern and western seaboards, humidity, is tiring and straining. The strictly religious Saudi society is very different from that of most other countries and the expatriate is deprived of most aspects of his own culture. With no cinemas, theatres, concerts, nightclubs or bars (or alcohol other than home-brewed) to which to turn for evening entertainment, he must build a social life in the homes of a group of friends or simply work at night until he drops. Couples usually manage to adopt the former option; for those on bachelor status it is more often the latter.

A family may cushion the expatriate from the worst extremes of loneliness and boredom, but moving the family as a whole is no panacea. Women in Saudi Arabia find themselves more restricted than in any other country of the world and this is initially a depressing experience. They must dress "modestly" in long dresses with short sleeves or trousers with a loose shirt over them, they are not allowed to drive a car, to travel by air without a male escort from their own family, or to take a taxi alone (although most at least do this). They cannot ride a bicycle or a motorbike and buses do not pick up women.

Such transport problems can mean that many women spend their days confined to their own homes, especially in the early months when they have not yet found friends nor the confidence to walk around by themselves. Naturally the majority quickly look for a job and here the opportunities, especially for office jobs, are extensive. Pay is good—a secretary can earn £5,000-£8,000 tax free—but the work is illegal since it must be in offices where they will come into contact with men. Every now and then all the women are expelled from a set of offices by the labour authorities; occasionally they are fined.

Increasingly firms are bringing in men on "bachelor status." This is less expensive for the employer, avoids all the problems of keeping the families happy, and pleases the Saudi authorities who see their facilities strained by the need to provide housing, western style food and comforts, etc. for large numbers of dependants.

Pre-fab

At the top of the scale the single men may live in hotels or luxury flats. For the great majority, their stay in Saudi Arabia will be spent in pre-fab accommodation on a work site with little scope for leisure relaxation. The companies provide leave at frequent intervals to compensate for the harshness of conditions: those in remote desert camps have three months on, three weeks off with paid home leave. The best deal seems to be that of the Aramco 28-dayers, rig workers, who work a solid 28 days in gruelling circumstances, compensated by 28 days back home.

Those working under more comfortable circumstances have leave less frequently, but most westerners without families get home twice a year at any rate. The large number of eastern labourers, especially Koreans, have less easy terms and get home only once a year. Some even forego this in order to collect the cost of their fare as a bonus. They, too, set the pattern for opting to work through Friday on overtime.

Men on bachelor status are strictly in it for the money. They are probably collecting from two to four times their salary at home, tax free; with no distractions they are prepared to work for the money, and for any bonuses available. It may be a case of "all work and no play makes Jack a dull boy," but they have the consolation that they can buy the home of their dreams, cash down, at the end of it—for not more, probably, than their employer was paying for their year's rent in Riyadh.

Edward Alexander

Manpower

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cent. of women are currently working—one of the lowest participation rates in the world. Some Saudis point out that in the early days of Islam women played a much fuller role in the economy and that the Prophet Mohammed's own wife was a merchant caravan owner and initially his employer. They feel that Saudi Arabia cannot escape from its dependence on foreign labour without making use of all its own population.

Traditional restrictions are, however, very deeply rooted, and the majority of Saudis still feel that a woman's place is in the home. They consider that, in this time of sweeping changes, it is particularly important to preserve their Islamic values and that seclusion of their womenfolk is an integral part of these values. The rapid expansion of education for women, and particularly of higher education, is putting a strain on these traditional attitudes and it is difficult to see how this will be resolved. "We hope that change will come gradually, without upsetting society," says a young educated official. "There has already been great change," comments a young woman graduate, "many of my fellow graduates now work as I do."

Meanwhile the Saudi Development Plan is being carried out at a cost (labouring rates are some £9 a day) by several million foreign workers. A further half a million skilled foreigners are being brought in under the present Five-Year Plan. Most numerous of these foreigners are Yemenis, whose numbers are thought to be between 1m. and 2m. The impoverished economy of the Yemen Arab Republic (North Yemen) has received a welcome boost from remittances from these workers. The spreading prosperity in this neighbour state, with its relatively large population, is also welcome to Saudi Arabia, which has viewed with distaste the considerable Russian and Chinese presence there in the 1960s and early 1970s.

The slightly-built but tough Yemenis are willing to provide the bulk of Saudi Arabia's manual labour. They are seen on all construction sites, working doggedly through the heat of the day. They also provide a near monopoly of male servants. Some, with entrepreneurial flair, had flourished as small shopkeepers until a tightening of the regulations a year ago sent them back to the labouring jobs for which they had been admitted, or at least left them working for a Saudi master.

Pakistanis also provide a large labour force. They are thought to number around 100,000 and are acceptable as fellow Muslems. Educated Pakistanis work as clerks for relatively low wages, but the majority are labourers. Their numbers may be far higher, for many illegal immigrants stay on after the annual muslim pilgrimage to Mecca and make their homes in shanties in the major cities, always hoping to obtain a work permit. They are far from the only illegal immigrants who stay o[n] after the hajj: ships from va[ri]ous countries which had arrive[d] with a thousand or so pilgri[ms] were said to be leaving wi[th] only a quarter of their comp[le]ment last autumn.

Among the other major cat[e]gories of foreign workers a[re] the Egyptians (over 150,00[0]) who come as teachers, scientist[s], doctors, nurses and other skille[d] positions, and South Korea[ns] (some 25,000) who are broug[ht] in by the numerous Sou[th] Korean contractors to wo[rk] largely on road and other co[n]struction sites, and westerne[rs]. The westerners are fewer [in] number (some 35,000 Americ[ans] for instance and 15,000 Britis[h]) but they occupy technical a[nd] managerial positions and th[eir] influence is greater.

From an early and cl[ose] association with American co[m]panies and Government bodi[es] as a result of the work [of] Aramco in the development [of] the oil industry, the Sa[udi] Government has tried to spre[ad] its favours, to avoid putting a[ll] its eggs in one basket. Briti[sh], German, Italian and Fren[ch] consultants, contractors and [some]times military advisers ha[ve] been chosen. It is still cle[ar], however, that Americans ha[ve] the lion's share of both civil a[nd] military development work, th[at] in major developments such [as] Yanbu and Jubail they are [to] play the leading role, and th[at] in the education of their o[wn] young men Saudis nine tim[es] out of ten will choose [an] American university.

Nevertheless, the Saudis ha[ve] no intention of becomi[ng] "Americanised," or inde[ed] subject to any other outsi[de] influence in so far as they c[an] avoid it. They are acut[ely] concerned at the possible ef[fect] on their own society of t[he] influx of foreigners now li[ving] among them and are incre[as]ingly preferring that the [m] should come in alone with[out] their families.

So far the Saudi authori[ties] have managed to keep th[e] very large numbers of forei[gn] workers under remarkably cl[ose] control. Strict labour la[ws] enforce tight visa requireme[nts]. Strikes are illegal and se[veral] South Koreans who attempt[ed] to strike last year were rapi[dly] deported.

An occasional tightening [of] controls, such as the rec[ent] expulsion of large numbers [of] illegal immigrants and [the] fining of foreign compa[nies] employing women in th[eir] offices, reminds the foreig[ners] that they are there on Sa[udi] terms and are expected to a[bide] by the local rules.

E[...]

SAUDI ARABIA XVII

Saudi Arabian morality as encompassed by the religious legal system is often seen by people in the West as being unnecessarily harsh. But it has the desired effect. Saudi Arabia is comparatively free of crime, and Saudis abroad are often shocked by apparent licentiousness in the West.

Upholding the law

ʼOU WILL HAVE to be reful when you leave Jeddah. s not like Saudi Arabia, where u are going," a Saudi friend marked seriously to a someıat casual Englishman who rely remembered to lock his ıuse or car. In the course of veral years in the city he had st nothing, his shopping and s brief case remained unuched in his unlocked car, his ctures and silver safe in his ıen house.

So good is security in Saudi rabia that the inhabitants tend assume that a robbery could ever occur. I have seen, abanoned by an extremely remote esert track, a neatly packaged undle containing a bedouin's ıtire belongings: his tent, his ımel saddle, his cooking pots ıd water skins. It was covered ith a dusting of sand showing ıat it had been there some me. One day he would come ack and recover it.

In fact there are occasional ıefts, usually only involving lcohol and therefore hushed up y the victims. Robberies from hops (such as a spate which ccurred in Jeddah last Ramaan) are rare enough to be a alking point for months afterrards, a subject for concern and ondemnation. Small shopeepers in the souq, who close heir shops for half an hour at rayer time, simply hang a net cross the open front, or just o, leaving the stall unattended, ts goods available for any who rould care to touch them. No ne does.

Despite the large numbers of oreign workers and the unpreedented upheavels in Saudi ociety itself, the Kingdom has ucceeded in maintaining a ıniquely safe and peaceful nvironment, both in the mushooming cities and in the empty vastes of the desert.

Life was not always so in Arabia. One cannot say (as one might perhaps of Switzerland or instance) that to-day's itizens are heirs to a long tradition of law-abiding self discipline. They are not. The peninsula was known in the past as a seat of anarchy and warring tribes, among whom the weak went to the wall, or paid for protection.

This state of affairs was first taken in hand by the Prophet Mohammed in the early seventeenth century. In preaching the religion of Islam he also preached a social code which would provide a secure, orderly and dignified life for his followers. This was upheld by a system of religious law, the *Shari'a*. Such a legal system, in a land of believers, has the additional strength that it is obeyed not only as a civil duty but also as a religious one.

Waned

Over the centuries, however, the sway of the Islamic social code had waned and anarchy had largely returned. The tribes, who were the majority of the inhabitants, were their own masters and the *droit du plus fort* often prevailed. Foreigners, be they pilgrims, explorers or businessmen, travelled at their risk and peril and were not infrequently robbed or assaulted. The numerous travel accounts from the last few decades of the past century and the first one or two of this, paint a picture of fear and wanton attacks in what now seems like a quite different world.

The man who brought law and order in this century was Abdul-Aziz Ibn Saud, unifier of the Kingdom and its ruler for half a century. For any man to rule the unruly tribes of those times it was essential to ensure that his word was obeyed. Harsh measures were called for and used. When a section of the Harb tribe disregarded his ban against raiding caravans, their camp was attacked and the men massacred. Similar measures elsewhere brought control throughout the land, for the word soon spread of the punishments meted out to those who disobeyed.

Abdel-Aziz was a proponent of the Wahhabi doctrine of a return to the pure teachings of Islam. The state which he founded in the heartland of Islam is strictly ruled according to the social tenents of the religion, and by *Shari'a* law. Rigorous application of this law, and the certainty of harsh physical punishment for malefactors who are caught, has brought a remarkable degree of compliance in the environment of a society deeply imbued by religious teachings.

At a superficial level social morals are maintained by the *mutawwin*, a class of elderly and religious men, armed with sticks, who patrol the souqs to ensure that the social code is visibly obeyed. A bang on the counter obliges the shopkeeper to abandon his last hasty sale and make for the mosque at prayer time. A woman wearing a short skirt risks a smack on the leg from the *mutawwa's* stick. A youth with long hair may find his head shaved. Shortly before the last pilgrimage there was an announcement that anyone found immodestly dressed in Mecca would be subject to whipping.

Punishments are carried out in public, to add the shame of exposure before a disapproving crowd to the pain of the sentence. There is the added deterrent factor for the crowd themselves, who can thus envisage the reality of the punishment. Whippings are not infrequent and many prison sentences also involve several public whippings.

One of the most discussed of *Shari'a* punishments is the amputation of the right hand for theft. This seems to-day to be one of the least frequently applied punishments, for it is only for repeated theft and there must be witnesses. It is, however, a sufficiently terrible penalty to command respect: Muslems are constrained to eat with the right hand and a thief who has lost his right hand may never again eat in the company of others.

More frequent, it seems, are beheadings for murder and rape. These are carried out, by the sword, in public, on a Friday morning, the crowd being summoned by an announcement shortly beforehand. Pleas of mitigating circumstances appear to carry little weight before the court. King Faisal's deranged assassin was still executed, as was a murderer who ran amok in the souq in Jeddah a couple of years ago and killed at random several passers by.

The recently much-publicised execution last July of a Saudi princess illustrates the way in which execution can still be used to uphold other aspects of the social code. It was exceptional, however, in that it was performed without a royal decree but on the authority of the princess's grandfather, eldest surviving son of King Abdel-Aziz. Unusual, too, was the fact that this execution shocked moderate Saudi opinion which is generally in favour of tough penalties.

In the past few years there have been several executions for rape, some of them involving more than one man. Discussing one of the earlier of these executions, a well educated Saudi commented that the King was right to decide on the execution of the three men concerned. With the rapidly changing state of society and the very large number of foreign workers not accompanied by their own women, "It is vital that we protect our women now."

Protection of the women has always been of central concern to Moslems for a family's honour is seen to reside in the reputation of its womenfolk. In the past women were totally secluded, married young around the age of 13, and were therefore excluded from risk. To-day, with Western influence and changing mores, many families cannot, and have no wish, totally to cloister their women. Even the most modern of families, however, dare not take a risk with their women's reputation. They still carefully look after their wives, daughters and sisters, and mixed social functions are generally only within the family or a close set of friends.

Narrow

Officially women are not allowed to take jobs where they will meet with men. This leaves them a narrow choice of employment consisting of teaching or management in girls' schools and colleges (they strongly prefer administration to teaching), nursing in women's hospitals, and medicine. The Government is actively encouraging all these careers. Nursing is not at present favoured by Saudi girls, although it can now be taken as a university subject, but the brightest students are noticeably going into medicine. A few Saudi women doctors, specialists, and surgeons are already practising in the Kingdom.

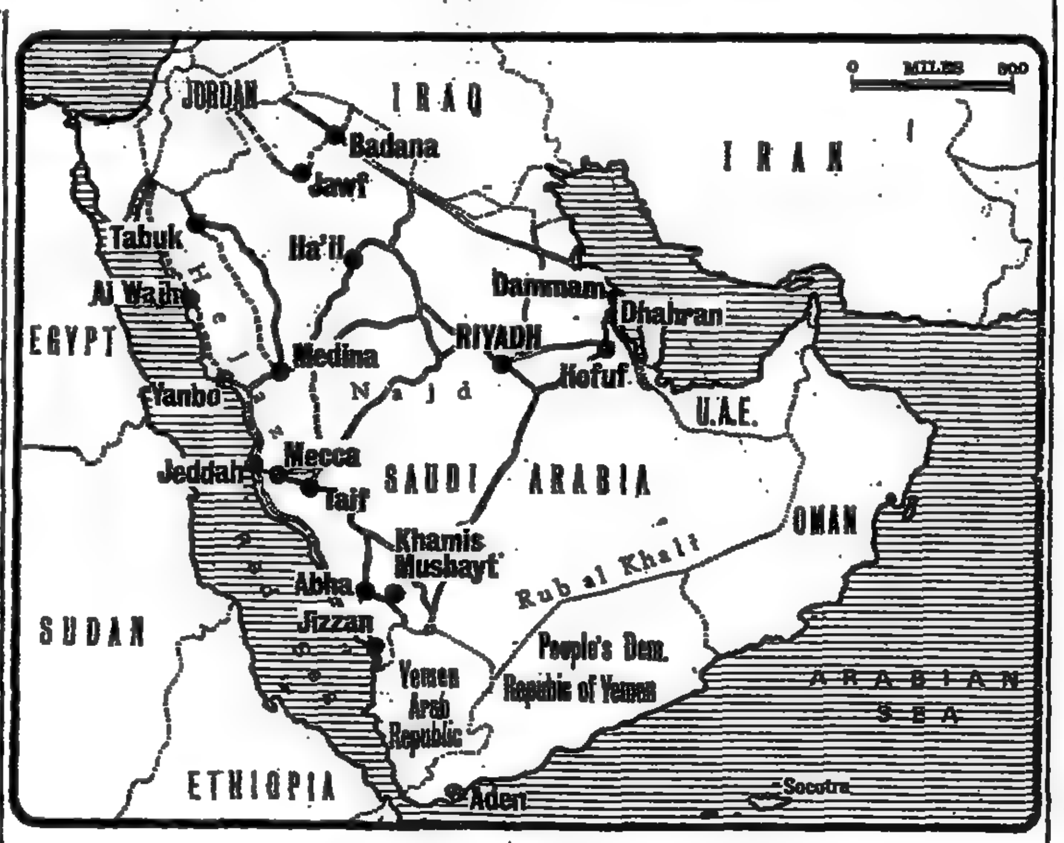
Education is now widely sought for middle- and upper-class Saudi girls whose families realise that even if it may not bring their daughter a career it will probably bring a better choice of husband. Young Saudi men, who now find it difficult to obtain permission to marry a foreign wife, are more likely to choose a Saudi girl if she too has a degree.

There is no clear cut opinion over what women's role should be. While some Western-educated Saudis feel that if the country is ever to reduce its dependence on foreign labour their own women must play a greater part, the majority of men still feel that women's role is in the home, as wife and mother. A few educated girls are now beginning to take jobs quietly in offices, but the majority stay at home trying to get through days of almost total leisure. For many it is a frustrating experience.

Saudi attitudes to Western society stem from these varying views. While the men happily seize the pleasures which the West has to offer, and spend increasing amounts of their time in London, Paris or New York, they do not want their own girls to be like Western women, or anyway not entirely so. It is agreeable to have as a companion a sophisticated, educated woman who knows about the world, but just how far should they let their own female relatives go in that direction? Some repeat the old saying that "the woman is the pan in which the nation's food is cooked: if the pan is clean the nation will be healthy." It is safest, they decide, not to compromise.

The Saudi condemnation of the "moral degeneracy" of the West is perhaps more unanimous when it comes to the lack of public security there. Many Saudi families have now experienced robberies of jewellery from European hotel rooms, an attack as they got out of a large car in a dark street, even a new London home lost temporarily to squatters. "Why do you allow such things?" they ask: "Why let the law-breakers make life uncomfortable for peaceful citizens?" While the West is shocked by the medieval nature of punishment in Saudi Arabia, Saudis are shocked by the mildness of Western punishment which seems to them to encourage crime.

By Our Foreign Staff



Religious observance is central to Saudi society, and the annual pilgrimage to Mecca, the Hajj, is an important element. It also gives Saudi Arabia, as guardian of the Holy Places, a unique position in the world of Islam.

The Hajj

EVERY YEAR, some one and a half million people gather in an area of a mere seven square miles for the world's largest religious ceremony: the pilgrimage to Mecca, known in Arabic as the Hajj.

The ritual for this unique ceremony, as laid down by the Prophet Mohammed, has remained unchanged for nearly 14 centuries, although many other aspects of the Hajj have changed. The numbers have grown enormously, particularly in recent years, and the invention of air transport has added a new dimension to this spiritual journey.

According to Islamic tradition, the Ka'aba, the cube-shaped shrine around which the pilgrims circumambulate as part of the ceremony, is built on the site where the Prophet Abraham established a monotheistic place of worship. Hence the Ka'aba is also known as al-Bait al-Atiq (the Ancient House).

The well of Zamzam, from which the pilgrims drink, is the one from which Hagar drank when in the desert with her infant son Ishmael, Islam believes. The sacrificing of an animal on the day of the pilgrimage known as Id al-Adha ("Festival of Sacrifice") commemorates Abraham's willingness to sacrifice Ishmael, his first-born son, at God's command (according to the Biblical account it was his younger son Isaac who was to have been sacrificed).

The pilgrimage, symbolising Islam's continuity with the monotheism preached by all prophets since earliest times, is compulsory for all Moslems who are able to perform it. It is known as one of the five pillars of Islam, the others being: belief in only one God and Mohammed's prophethood; prayer five times daily; donating 2½ per cent. of one's income and capital annually for the welfare of the poor; and fasting from dawn to sunset in the month of Ramadan.

Thanks to modern means of transport, increasing numbers of Moslems are now able to perform the Hajj. The caravans of horses and camels which less than a century ago used to set out for Mecca from Damascus, Cairo and Baghdad (sometimes with an armed escort to protect the pilgrims from robbers on the way) have been replaced by Boeing jets, buses and modern passenger liners. A journey that used to take pilgrims from Kansu in China up to three years is now a matter of hours.

The effect of rapid transport is shown dramatically by the increase in the number of pilgrims. At the last pilgrimage season, 739,319 non-Saudis entered Saudi Arabia for the ceremony. Added to 392,129 Saudis and 496,141 non-Saudis resident in the Kingdom who also performed the pilgrimage, this brought the total number of pilgrims last year to 1,627,589.

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Saudi Arabia takes very seriously its responsibilities as guardian of the Holy Cities, Mecca and Medina, and as defender of the values of Islam. But the danger of major conflict between these values and those of 20th century Western society seems to be coming closer.

The Islamic community

THE KINGDOM of Saudi Arabia is perhaps the nearest equivalent in the world to-day to the old Islamic ideal of a theocracy: a community of believers who have benefited from divine *revelation to the Prophet* Mohammed, and who seek to implement God's will through the application of the Holy Law, or the *Sharia*.

Development economists may be somewhat surprised by the initial presentation of the current Five Year Development Plan, for the first of its guiding principles is to maintain the values of Islam, and the second is to ensure the defence and internal security of the Kingdom. While this may seem a peculiar ordering of priorities in the context of the economic development of the country, an Islamic political theorist would *find it quite natural*. For, if the Islamic community is to prosper, there must be constant interaction between religious authority and political power. The religious authority gives legitimacy to the political power, and the political power is in itself a form of religious prestige, for it is through this power that the ruler maintains the conditions in which the *Sharia* may flourish. This explains the interdependence of State and religion in the traditional Islamic community. This is the situation which the modern Kingdom of Saudi Arabia seeks to preserve.

In the Kingdom there are constant reminders that religion is not something relegated to the realms of private conscience or restricted to a domain set apart from everyday existence. In Government offices interviews are interrupted with courtesy and dignity, as the officials withdraw temporarily when one of the five appointed times of daily prayer intervenes in working hours. Television programmes are suspended with scant regard for moments of dramatic tension, whether they occur during the latest romantic serial imported from *Egypt, or during the screening* of a key soccer match. Classes in schools and universities adjourn for prayers. Whole troops of soldiers can be seen performing the ritual prostrations with military precision as their transport lorries stand motionless on the verge of some desert road. Perhaps most *dramatic of all is to be in the* main souq or market of the capital, Riyadh, during one of the busiest shopping periods of the day, towards the end of the afternoon between 4 and 5.30.

The souq is a frenzied hive of buying, selling, bargaining. Its labyrinthine alleys reveal under garish electric lights all the trappings of a voracious consumer society where money is the most abundant commodity. In the gold and silver *souqs*, glittering banks of jewellery invite the citizens of Riyadh to display the traditional status symbols of their world: many are the women who conceal *themselves artfully behind* the dark translucent veils which cover the whole face, while their forearms appear almost solid in an ostentatious display of gold bracelets. Suddenly the religious police appear: the *Mutawwi' in* ("those who demand obedience"). Imposing figures of *authority, usually dressed in* brown flowing robes edged with gold braid, they carry long canes and stride throughout the market ordering the shops to close and the merchants and their clients to prayer. Their canes rap sharply on the *shop fronts*, or on the very heels and shins of the dilatory, as their strident voices urge to prayer. Shutters descend throughout the *souqs* in a series of metallic rattles and crashes, the lights are switched out and the fruits of the economic miracle disappear from view. Of course not everyone goes to the mosque to pray, and there are those who answer the *Mutawi' in* with good-humoured banter, but they too close their shops. The *souq* will not begin to re-open until about an hour later.

Creative

The history of what was to become the Kingdom of Saudi Arabia can be traced back over some 200 years, and the religion of Islam played a vital creative role throughout. In the 18th century, the desert regions of the centre of the Arabian Peninsula constituted a nebulous border area of the Turkish Ottoman Empire. The Ottomans exercised nominal control over the Western region of the Peninsula, the Hijaz, and considered themselves the guardians of the Holy Cities of Mecca and Medina. Muhammad Ibn Abd ad-Wahhab (1703-92) was a native *of the Nejd province in Central* Arabia, and a member of a notable family of theologians who followed the Hanbali school of Islamic law. He travelled widely in order to visit the main centres of Islamic scholarship in his time—Medina, Basra, Baghdad, and as far as Isfahan. He was deeply influenced by the intellectual tradition of the eminent Hanbali jurist Ibn Taymiyya, who died in 1328.

When Mohammed Ibn 'Abd al-Wahhab returned to Nejd, he started to preach doctrines of fundamentalist Islamic revival. It was aimed at the desert tribesmen of the area, on whom Islam sat notoriously lightly at the time. It was also violently against the mystic sufis, and directly anti-Ottoman. In his eyes, the Islamic community, protected by the Sultans of Istanbul, was a decadent devia*tion from that ideal community* established by the Prophet Mohammed and maintained during the rule of the first four Caliphs in the 7th-century AD. Therefore it was invalid, as was the regime which claimed to be its guardian. Through an alliance with a local chieftain, *Mohammed Ibn Saud*, he proclaimed a new revolutionary theocracy. Its political and military power was to be provided by the House of Saud, and its Islamic legitimacy was proclaimed through the most rigorous application of Hanbali law, as interpreted by Mohammed *Ibn 'Abd al-Wahhab*.

The modern Kingdom of Saudi Arabia has its origins in this religio-political dynasty created in the 18th-century.

The fortunes of the Saudi dynasty fluctuated spectacularly during the 19th century. 'Abd al-'Aziz Ibn Saud recaptured Riyadh in 1902. This was the prelude to his ultimate triumph, which culminated in the conquest of the Hijaz and the Holy cities of Mecca and Medina in 1926. Finally the Kingdom of Saudi Arabia was proclaimed in 1932. Throughout its history *until the triumphs of the 20th* century, the Saudis never abandoned the moral code of Hanbali fundamentalism as preached by Mohammed Ibn 'Abd al-Wahhab.

The Saudi state was one example of a model which has long existed, since the very first century of Islamic history, when small communities expressed their piety through militant forms of religio-political activism. Because of their opposition to the mainstream ruling regimes, as a rule they existed in the far-flung peripheries of the Islamic world, such as North Africa, or the less frequented regions of the Arabian Peninsula. They were remote from areas of dense urbanisation, significant economic activity, or sophisticated systems of bureaucracy and administration. They existed most readily in those milieux which presented a minimum of distractions from *the uncompromising puritanism* of their ethical codes. It was possible there for religious authority and political power to co-exist readily and directly.

When King Abd al-Aziz conquered the Hijaz in 1926, his dynasty assumed the guardianship of the Islamic Holy Places: *Mecca, the birthplace of the* Prophet and focal point of the Pilgrimage; Medina, the home of the original Islamic community. The fundamentalist nature of the Saudi Regime and its associations with the Holy Cities have created an ideal image in the minds of Moslems *throughout the world*.

Many of them see in Saudi Arabia the nearest equivalent to that ideal society which would satisfy the rigorous demands of their faith, even though they know in their hearts that it would be quite unworkable in their own social situations.

Until comparatively recently, the religious prestige enjoyed by the territory surrounding Mecca and Medina had flourished in an atmosphere uncomplicated by any great political, economic, or strategic significance. But in 1938 the first commercial quantities of oil were extracted from Saudi Arabian territory, and so began, at first slowly, that unparallelled flow of wealth which to-day has brought to an end that country's former political and economic isolation from the rest of the world. In purely economic terms, it is arguable that the extent of the influence wielded by Saudi Arabia to-day surpasses the high points of other great periods of power enjoyed by the Islamic world: for example, the first century of the Abbasid Caliphate from 750 AD, or the reign of the Ottoman Sultan Sulayman the Magnificent (1520-1566).

Now the unequivocal desire of the Saudis to promote the rapid economic development of their country means that the Islamic traditions there are surrounded by pressures for change and re-formulation. The manpower crisis affects not only the creation of the economic infrastructure: the still small Saudi intellectual elite is acutely aware of the need for the constant reassessment and re-formulations of Islamic tradition as they press ahead with gas collection projects, new *transport systems, ports*, airports, and all the trappings of an industrialising society.

Rigorous

The law school which prevails in the country is that created originally by Ahmad bn Hanbal in the ninth century AD, and traditionally this was the most rigorous and unyielding of the four schools of orthodox Islamic law. In the latter decades of the 20th century, Hanbali Islam in Saudi Arabia will have to become more accommodati[illegible] than at any other time in [illegible] stern, uncompromising hist[illegible] if it is to survive in any v[illegible] sense. The process of interp[illegible] tation and, if necess[illegible] re-formulation of the tradi[illegible] is the means which ensures [illegible] Islam retains relevance [illegible] viability in evolving so[illegible] situations. If this does [illegible] happen, Saudis will find [illegible] increasingly difficult to re[illegible] and develop its special iden[illegible] The task is urgent, for [illegible] greatest danger faced by [illegible] deeply religious society [illegible] peculiarly Islamic form[illegible] ignorance. It is that igno[illegible] which looks upon the *Shari[illegible]* as a source of creativity [illegible] can enrich the evolutio[illegible] society, but as a corpu[illegible] negative restrictions. In [illegible] situations, other countries [illegible] Arab world have demons[illegible] that the *Sharia* is usual[illegible] loser.

Dr. Robin [illegible]

The Hajj

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This dwarfs the figure of 75,614 achieved a mere 30 years ago, or the 107,652 two years later, when for the first time the number of pilgrims entering Saudi Arabia topped the 100,000 mark. Since then, the pattern has generally been one of rapid and steady increase year by year, culminating in the record figure of 918,777 pilgrims entering in the pilgrimage season at the end of 1974.

The following three years registered lower figures for pilgrims coming from outside Saudi Arabia. The main reasons for this drop are believed to be increases in transport costs and inflation in Saudi Arabia.

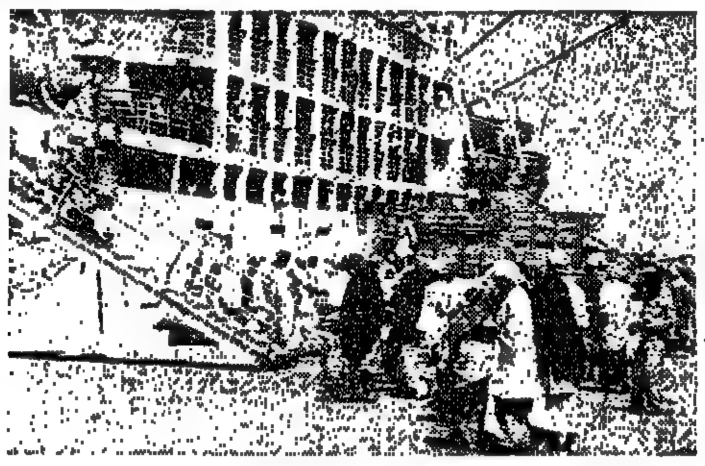
In the last pilgrimage season (which fell in November, 1977), 481,450 pilgrims arrived from abroad by air, compared with 374,751 the previous year. The popularity of other means of transport fell considerably. *Pilgrims arriving by sea* totalled 63,663 last year, compared with 80,906 in 1976, and arrivals by road were 214,206, compared with 263,383.

The trend towards air transport is likely to continue. So also, in the longer term, is the general upward trend in *pilgrimage figures*, despite the slackening off in the last three years. The Moslem population of the world, now estimated at over 500m., is increasing by some 12m. annually through the birth rate alone, apart from conversions.

The Saudi Government has already had to make great efforts to keep pace with this increase. A country with an infrastructure still relatively undeveloped, ports overstretched by a rapid rise in imports required by economic development, Saudi Arabia annually achieves something of an administrative miracle in providing food, shelter, guides and other services for an influx of so many people.

So far, the Saudi government has coped by carrying out large development and expansion schemes for the Hajj facilities, building pilgrim cities to accommodate the inflow of people, improvement of roads and airports, the provision of 2,000 buses (which remain idle for the rest of the year) and massive catering, medical and other services. Fortunately, last year's pilgrimage had no serious mishaps, despite fears that had been aroused by a cholera outbreak earlier in the year. Previous epidemics among pilgrims have led the Saudi government to be very strict in its regulations about vaccination.

The Holy Mosque at Mecca, which surrounds the Kaaba, has been expanded to accommodate 300,000 worshippers. But it will need further expansion as the numbers of pilgrims grow as will the various accommodation, transport and other facilities. As a result Saudi Arabia will certainly have to go on investing substantially in pilgrimage development projects for the foreseeable future.



Pilgrims returning home at the Port of Jeddah.

Overall organisation of the Hajj is the task of the Ministry of Pilgrimage and Religious Endowments, a remarkably efficient planning and logistics organisation. The State provides funds for this ministry's work: SR1bn. ($294m.) in *the 1977-78 budget*.

NON-SAUDI PILGRIMS	
1945	37,630
1950	107,652
1955	232,971
1960	253,369
1965	283,319
1970	431,270
1971	479,339
1972	645,182
1973	607,755
1974	918,777
1975	894,573
1976	719,040
1977	739,319

How future increases in pilgrims can be coped with remains to be seen. It is a challenge the Saudi Government will have to meet, and circumstances limit its choice of ways to do so. The Hajj can only be performed at a certain time of the year, between the 8th and 13th of Dhûl Hijja, the Month of Pilgrimage. The Umra, or lesser pilgrimage, can be performed at other times of the year, but it does not have such high spiritual value as the Hajj.

Pilgrims usually stay on for longer than the five days of the actual Hajj ceremonies and also visit Medina, where the Prophet Mohammed's tomb is located, as well as Mecca. Those who arrive by air are required to pay the Saudi government SR1,219 ($350) while those entering by land pay SR844 ($240). These fees, which are normally deposited in advance with the Saudi National Bank, cover services like lodgings, a guide and transport, which the Government provides.

Until recently, the pilgrimage was Saudi Arabia's largest source of foreign currency earnings. Despite the huge increase in the number of pilgrims entering the country, and consequently *in the volume of* foreign currency they bring, the relative importance of pilgrimage earnings has declined owing to the dominance of oil over all other sectors of the Saudi economy.

Thus in 1975, one of the two peak years for pilgrims entering the Kingdom, earnings from them were estimated at SR1.8bn. ($511.1m.). This is dwarfed now by earnings from oil.

The pilgrimage is a symbol of the bonds that link Moslems throughout the world, whatever transitory disagreements may arise between their respective governments. It gathers together people of all different races, *colours, languages and cultural* backgrounds who are drawn together by a common idea and way of life.

In last year's pilgrimage, 425,639 came from Asia, 309,678 from Africa, 3,421 from Europe, 473 from America, 19 from Australia and 89 from unspecified countries. *From* Europe, Britain provided the largest contingent of 1,309 pilgrims. Pilgrims from Africa increased by 60,951 compared with the previous year, while the number of pilgrims from Asia dropped by 41,317. Those from Europe increased by 1,050 and from America by 371.

Since it brings together such a varied selection of people, the Hajj provides cultural cross-fertilisation, an opportunity for the exchange of new ideas and cultural trends between different Islamic countries. It enables a West African, for instance, to learn about the *latest cultural or intellectual* developments in such distant countries as Indonesia or Bangladesh. In the development of the great Islamic civilisation, to which the world owes a great debt for discoveries and inventions ranging from algebra to many-stringed instruments, the melting-pot of the Hajj was a major factor.

The Hajj has also played a part in furthering human rights. The ceremonies tend to eliminate social distinctions, at least for the duration of the pilgrimage. All pilgrims dress identically in the ihram, two lengths of seamless white cloth, which must not be of silk. The Guardian of the Holy Places, who is now the King of Saudi Arabia, is considered "the servant of God's house," and is required to wash out the Kaaba at the beginning of the pilgrimage.

Guardianship of the Holy Places gives Saudi Arabia a position in the Islamic World that no other state can occupy. Even apart from its oil wealth, the Kingdom for this reason exercises an influence out of all proportion to, say, the size of its population or its military strength.

Faris Glubb

The structure of Saudi Arabia's royal family is, to put it mildly, complicated. It comprises perhaps 4,000 people, of whom only 200 have influence. On this page we unravel the rules of succession and give a guide to the most prominent members of the family.

The Royal house of Saud

"BLOOD IS thicker than ater." The cliché is especially t in Saudi Arabia where the yal family has been the major cial institution for centuries. addition to significant cul-ral differences in family stems, however, the westerner tempting to unravel Saudi yal relations and the rules of ccession must understand a w basic rules:—

1—The Saudi surname system veloped differently from that the West. While we tended evolve our names from cupations (for example, nith) or locations (for ample, Green), the Saudis mply use the father-son linage lationship (for example halid bin Abd al-Aziz bin Abd Rahman). The "bin" or ibn" simply means "son of."

2—The institution of poly-my in the Arab world is long-tablished. Moslem law allows pto four wives, but the limita-on has never applied to Saudi ngs.

3—Patrimonial linage in the udi system is very strong. nus sons of a man will tend be close, regardless of who eir mother is. Full brothers ten do have a closer bond an half-brothers, but overall mily unity is more important an any full-brother/half-other relationship.

4—Age is important. Elders e respected, whether they grandfathers, uncles or others.

5—A strong oral, rather than ritten, tradition, plus the gours of nomadic desert life, ave resulted in few written cords and thus some confusion er birth dates. Moreover, act birth dates are unimpor-nt in Arab tradition: the year f birth is remembered by an sociated event of importance, metimes resulting in errors of year or more.

6—Consensus, rather than rmal legislative proceedings, erns the decision-making ocess within the royal house. st as in any family. The fact at royal family decisions and mpromises often become de cto, the law of the land has ot thus far changed this ethod of operation in Saudi rabia. The family prefers not settle differences of opinion public. Thus relatively little known either about the exact cision-making process or who thin the family is of rising or ning influence.

7—Finally, the transliteration names from Arabic to nglish is an imperfect art with little standardisation. Con-sion over names is endemic r non-Arabic language sources. We only need to note that e Sauds have ruled parts of rabia for over 200 years. One the present King's ancestors, r example, was hereditary ler of a tribe around Riyadh d established an important k with a religious zealot med Mohammed Abd al-ahhab in 1744. The family rtunes waned over time, how-er, due to various desert wars, ternecine strife and conquer-g Turks. The present King's andfather, Abd al-Rahman Ibn isal al-Saud, finally found mself in exile in Kuwait in 91. His son, Abd al-Aziz Ibn Abd al-Rahman Ibn Feisal al-Saud (known correctly as Abd al-Aziz and erroneously as Ibn Saud), is the man who reversed the trend and restored the Saud family to power. He captured the Hijaz (Red Sea coast, including Jeddah, Mecca and Medina) in 1926, unified the *present Kingdom in 1932*, and is the father of the present and last two Kings.

Abd al-Aziz used marriage as just another weapon to unify the quarrelling tribes of the Kingdom. He had 37 sons and numerous daughters. His ten brothers (two of whom are still alive) also had large numbers of children. Together all these have now spawned a royal family of several branches that perhaps numbers 4,000 of whom only about 200 have influence.

Naturally, many branches tend to intermarry, thus keeping numbers lower than could otherwise be expected. The family grows daily, however, and its demands on the exchequer nearly drove the country to bankruptcy in the late 1950s. This has been curbed, but large numbers of the closer relatives still receive stipends from the State. In return, the influential royals are spread throughout the Kingdom and act, in the absence of elected or representative institutions, as a sounding board for the popular will. They relay, via the family grapevine, the thoughts, desires and discontents of the populace to their royal relatives in the Government. The process undoubtedly contributes to the stability of the Government because every citizen has met, has access to, and often personally knows a "royal."

Succession

Abd al-Aziz, the great King and unifier (who had assumed the family leadership in 1902), finally died in 1953 at the age of 71. He passed the throne to his sons, rather than his surviving brothers, but instructed his sons to do the reverse. The succession was to pass among his own sons, not his grandsons. Chronological order was the general order of the day, with due regard for ability, training and fitness to serve. Family consensus and compromise would have to determine leadership and power-sharing.

The system has worked relatively well. The Kingdom and the family are still intact, having weathered at least three major crises, described below. To-day the system seems stronger than ever, with the family leaders finding the necessary compromises to keep all the branches in line. At some point in the future, of course, the decision will have to be faced as to which grandsons will succeed to the throne and how the process will work. Abd al-Aziz's youngest son, however, is now only 31 years old so change may still be some distance away.

There are now 32 of the original 37 sons alive. The 32 were all fathered by Abd al-Aziz but have 14 different mothers. The largest group (seven) of full brothers, whose mother was Hussah bint Ahmad al-Sudairi, are known informally as the "Sudairi Seven," a somewhat misleading term in that several of Abd al-Aziz's wives were also from branches of the Sudairi family.

The list below outlines the first two sons of Abd Aziz who became King, and the 32 surviving sons. All the latter are theoretically *eligible* for the throne, but the table shows that several have already been disqualified from the race. Many of those listed without comment are businessmen or "gentlemen of leisure" within the Kingdom. Except for those that are exceptionally prominent, grandsons of Abd al-Aziz are not mentioned.

SAUD—No full brothers. succeeded his father to the throne and reigned as King from 1953 to 1964. Died 1969. A poor administrator, spendthrift, and builder of luxury palaces and tolerant of corruption. During crisis with Nasser's Egypt in early 1960s (over the Yemen), very nearly brought the House of Saud to ruin. The royal brothers and religious leaders forced his resignation in 1964. Father of more than 40 sons who were once seen as a possible threat to the succession as laid down by Abd Al Aziz. None of Saud's sons are now in the Government, they continue to receive royal stipends and are allowed generally to come and go as they please.

FEISAL—King of Saudi Arabia from 1964 to 1975. No full brothers. Assassinated by a nephew on March 25, 1975. Long experienced in public affairs, having served as Viceroy of the Hijaz since its conquest by his father in 1926, and later as Foreign Minister of the Kingdom. Visited London at age 14 and groomed for a career as a public person and international statesman. Capable, personally austere and religious. Reorganised the finances of the Kingdom and straightened out the turbulence within the royal family. Revered throughout the Kingdom. Has several sons now holding positions of influence, among them being Saud (Foreign Minister), Turki recently succeeded Kamal Adham as head of General Intelligence), Khalid (Governor of the South-western province of Asir), and Mohammed (until recently head of the saline water conversion programme for the Kingdom).

1.—MOHAMMED. Eldest surviving brother. Born 1910. Full brother of present King, Khalid. His mother was of the Jiluwi family, traditionally governors of the Eastern Province. By-passed for throne because of personal inadequacies and poor health. Grandfather of princess killed last year in Jeddah for alleged adultery. King Khaled allegedly disagreed with the decision but was powerless to intervene or alter his elder brother's enforcement of the Sharia.

2. KHALED—Born 1912. Full brother of No. 1. King of Saudi Arabia. Prime Minister, Supreme Commander of the Saudi Arabian Armed Forces and President of the Council of Ministers. Lover of camel races and falconry sports rather than statecraft, but recognises his own limitations and has "grown" into monarch's role. Not in the best of health and spent a number of weeks in a London hospital in 1977. Agreed to accept throne in place of his older brother (no. 1). Generally conservative but recognises realities of change.

3. NASIR — Born 1920. Full brother of 7 and 20. Was once Governor of Riyadh but has now been by-passed in succession line-up.

4. SA'AD — Born 1920. Full brother of 8 and 10. By-passed for succession.

5. FAHD — Born 1921. Eldest of the "Sudairi Seven" and full brother of 9, 12, 17, 19, 22, 25. Crown Prince, First Deputy Premier and First Vice President of the Council of Ministers. Heir apparent and prime mover behind the present Government. Able, experienced and progressive. Formerly Minister of the Interior (Home office). Five of his six full brothers are highly placed in the Government. One son, Feisal, is importantly President of Youth Affairs for the Kingdom. Two other sons, Mohammed and Saud, are graduates of Californian universities and very successful businessmen. Mohammed was the Saudi consultant to the Western consortia that recently won the multi-billion dollar communications contract within the Kingdom.

6. ABDULLAH — Born 1923. No full brothers. Deputy Crown Prince, Second Deputy Premier, Second Vice President of the Council of Ministers, and Commander of the National Guard. Second in line for the throne. Keeps in close contact with the traditional Bedouin tribes that furnish most of the manpower for the National Guard. Thus thought more conservative than some other royals, but supports the policies of half-brother Fahd. The position of Deputy Crown Prince was perhaps created to forestall worry by some royals that a second Sudairi would follow Fahd to the throne, as indicated by the difficulties with numbers 7 and 8.

7—BANDAR—Born 1923. Full brother of 3 and 20. Believed to be something of a religious zealot. Passed over for succession.

8—MUSA'AD—Born 1923. Full brother of 4 and 10. Father of two errant sons. The first, Khalid, was killed by police when leading a demonstration against the opening of the first television station in the Kingdom (protested that anything reproducing the human image was contrary to Sharia law). King Feisal promptly showed how television could transmit the words of the Prophet, in both sight and sound). A second son, Feisal, was the assassin of King Feisal in 1975. The young Feisal was engaged to a daughter of the deposed King Saud and this fact, coupled with the family background, may have contributed to the regicide. After doctors decided the young prince was sane, he was beheaded for his deed in June, 1975.

9—SULTAN—Born 1924. Second of Sudairi Seven, and full brother to 5, 12, 17, 19, 22 and 25. Minister of Defence and Aviation and powerful member of the family. A possible future king, if age and family politics allow. It may have been Sultan's chronological position in the line-up that led to the creation of "Deputy Crown Prince" status for Abdullah (number 6).

10—ABD AL-MUHSIN—Born 1925. Full brother of 4 and 8. Governor of Medina. Abd al-Muhsin sees that both of his elder full brothers have been by-passed in the power structure. He is also evidently of the opinion that he is really older than Sultan (lack of records contributing to the confusion) and is, therefore, really after Fahd and Abdallah in eligibility for succession. The latter point is contested by part of the family, however, and Abd al-Muhsin made the serious blunder of being one of the "Free Princes" who ran away to Cairo in the early 1960s, nearly bringing disaster for the Royal House (see number 14 below). Even though King Feisal forgave the Free Princes and Abd al-Muhsin is back in the family good graces, it is doubtful if his arguments can have the power they might have once had. To keep this section of the family agreeable, however, Abd al-Muhsin's son Saud, has now been made Deputy Governor of Jeddah/Mecca, a position of some prestige and minor power.

11—MISH'AL—Born 1926. Full brother of 13. Formerly held government positions, including Minister of Defence and Governor of Jeddah/Mecca.

12—ABD AL-RAHMAN—Born 1926. Third of "Sudairi Seven" and full brother to 5, 9, 17, 19, 22, 25. The one Sudairi without Government position; is a powerful businessman.

13—MIT'AB—Born 1928. Full brother of 11. Presently Minister of Public Works and Housing.

14—TALAL—Born 1931. Full brother of 18. In the early 1960s, during the severe disagreements between Nasser's Egypt and Saudi Arabia over the Yemen (and during a time of no little crisis as King Saud neared the end of his free-spending and incompetent reign), Talal renounced his princely title, backed Nasser and advocated republicanism. He thus became leader of the "Free Princes," composed of his half-brothers, Fawwaz (number 20) and Abd al-Muhsin (number 10). They went into exile in Cairo in 1962. They eventually saw the error of their ways, however, and made peace with the new King Feisal, who pardoned them in 1965. Talal now leads an apolitical but busy business life and frequently travels abroad.

15—MISHARI—Born 1932. No full brothers. Mishari is undoubtedly the most unpopular royal prince among expatriates working in the Kingdom, due to a tragic mistake of his youth. Before 1952 alcohol could be bought and consumed by non-Moslems (that is largely ARAMCO employees in 1952). In that year, however, Mishari paid a late visit to a British family in Jeddah, requesting to speak to their female visitor. The Englishman refused because the young prince was clearly inebriated. He instructed Mishari to come back when sober. The prince left, came back with a gun, and put several shots through the British family's door, killing the Englishman. The religious leaders considered the case carefully. They finally decided that the homicide was accidental and caused by the liquor the young prince had consumed. They thus spared him from beheading on the charge of murder. From that time, however, all alcoholic drinks have been absolutely forbidden under Saudi law, for citizen and expatriate alike. Mishari is now a businessman.

16—BADR—Born 1933. Full brother to 21 and 26. Now Deputy Commander of the National Guard.

17—NAIF—Born 1933. Fourth of the Sudairis. Full brother to 5, 9, 12, 19, 22, 25. Now Minister of the Interior, a powerful position dealing with immigration, entry and exit visas for all foreigners in the Kingdom, some aspects of internal security and the Coast Guard.

18—NAWWAF—Born 1934. Full brother of 14. A former Minister of Finance and a counsellor to King Feisal.

19—TURKI—Born 1934. Fifth of Sudairi Seven. Full brother to 5, 9, 12, 17, 22, 25. Now Vice-Minister of Defence.

20—FAWWAZ—Born 1934. Full brother of 3 and 7. Now Emir of Jeddah/Mecca. Was one of the "Free Princes," now back in the family's good graces, and in a largely honorary position.

21—ABD AL-ILAH—Born 1935. Full brother to 16 and 26.

22—SALMAN—Born 1936. Sixth of Sudairi Seven. Full brother to 5, 9, 12, 17, 19 and 25. Now Governor of Riyadh and its Environs.

23—MAJED—Born 1937. Full brother of 30. Now Minister of Municipalities and Rural Affairs.

24—THAMIR—Born 1937. Full brother of 27 and 29.

25—AHMAD—Born 1937. Last of the Sudairi Seven. Full brother of 5, 9, 12, 17, 19, 22. Now Vice-Minister of Interior.

26—ABD AL MAJED—Born 1940. Full brother of 16 and 21.

27—MAMOUH—Born 1940. Full brother of 24 and 29.

28—HIDHLUL—Born 1941. No full brother.

29—MASHHOUR—Born 1942. Full brother of 24 and 27.

30—SITTAM—Born 1943. Full brother of 23. Now Deputy Governor of Riyadh and Environs.

31—MIGRIN—Born 1943. No full brothers. Now Air Force Officer.

32—HAMOUD—Born 1947. No full brothers.

By a Correspondent

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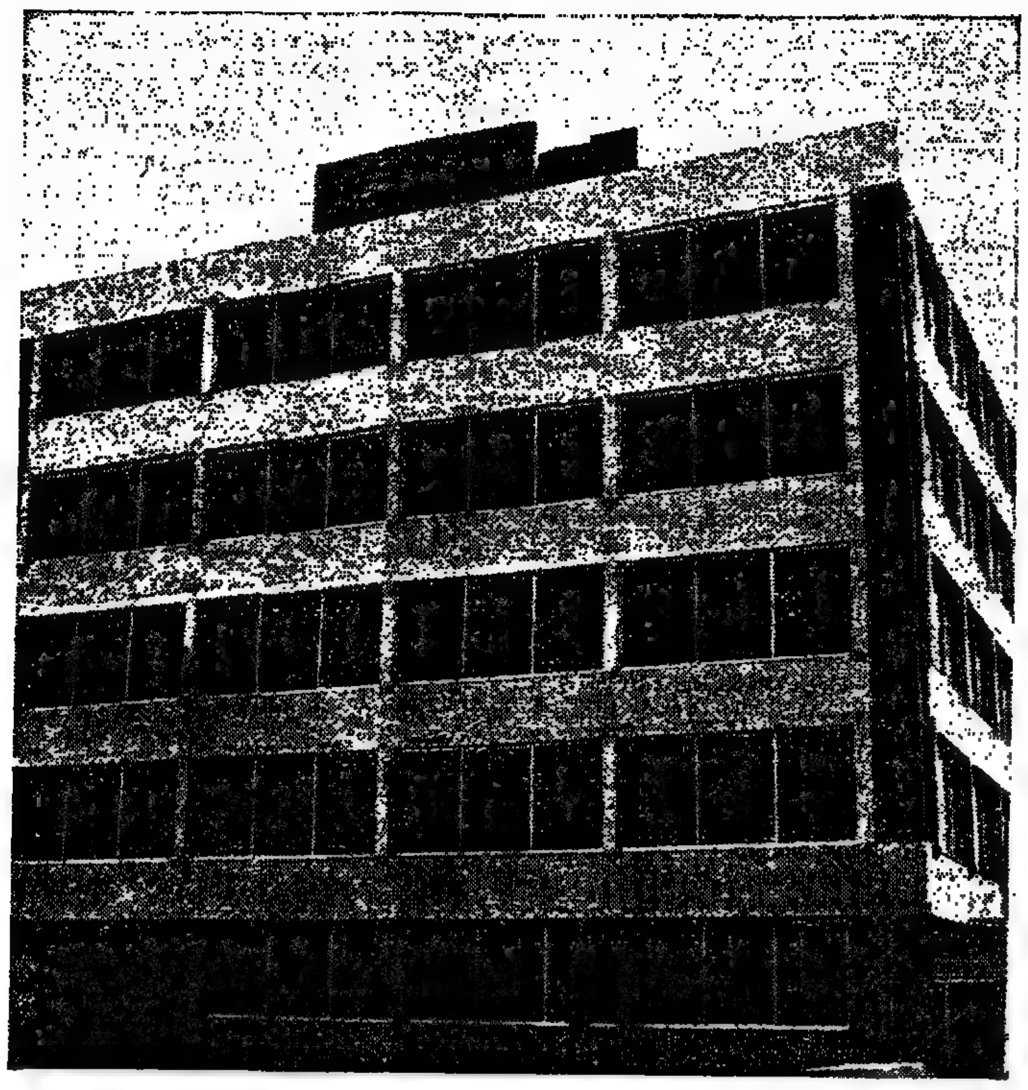

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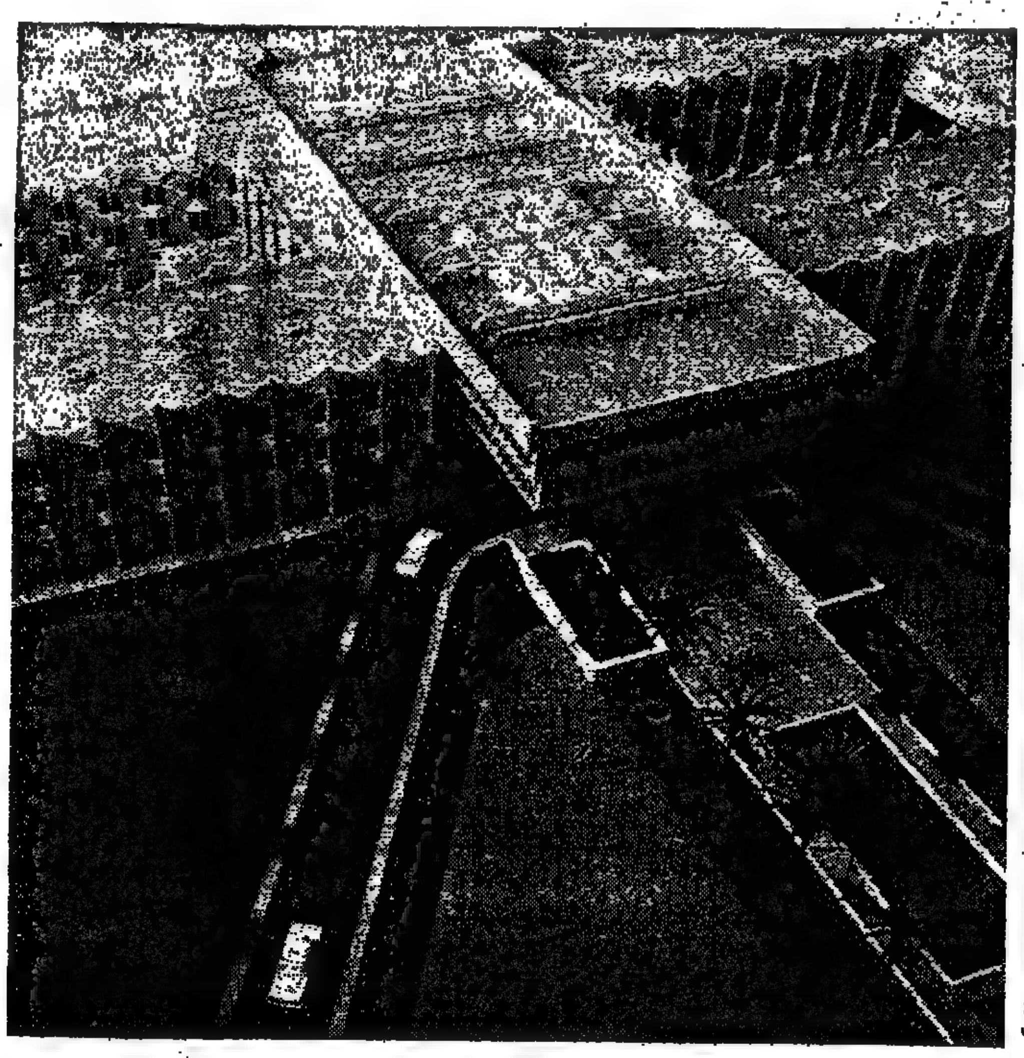

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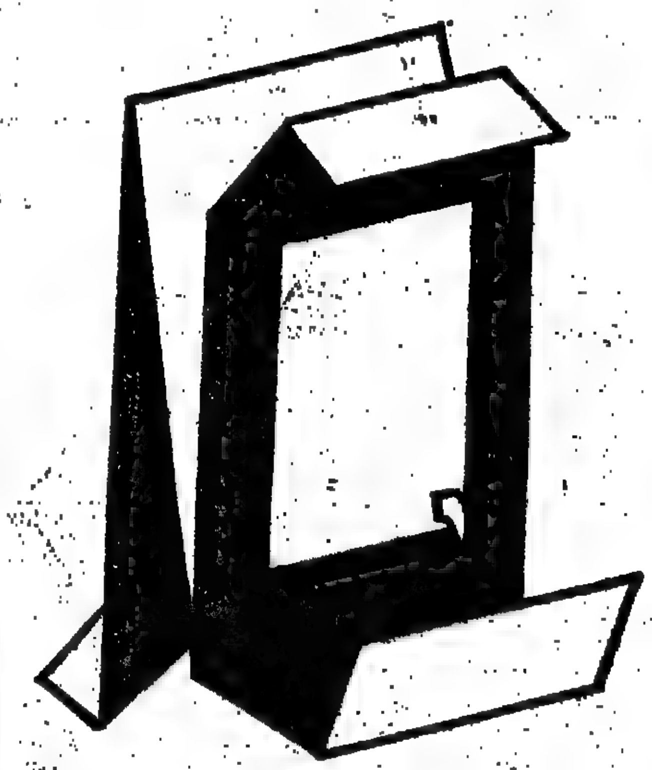

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Rust grows on the Steel Man of Shelton

BY ALAN PIKE, Labour Correspondent

[SH]ELTON steelworks stands, as [it] has since the early days of [the] Industrial Revolution, in a [val]ley near the centre of the [Sta]ffordshire Potteries towns [ma]de famous by the novels of [Ar]nold Bennett.

[E]ven its location must have [co]ntributed to the intensity of [the] seven years' campaign [wh]ich has been waged to retain [ste]elmaking at the works. [Sh]elton is not on an obscure [ind]ustrial site, visible only to [the] people who go there to [wo]rk. It stands at the physical, [his]torical and emotional heart [of] a tightly-knit community [wh]ich united to try to save it. [St]reets of typical Potteries [ho]using lead the short distance [fro]m Shelton, once a village, to the main shopping centre [of] Stoke-on-Trent.

The Shelton campaign is [as]sured of a place in modern [in]dustrial history whatever [the fu]ture is left for the plant after [thi]s week's Government [an]nouncement on the steel in[du]stry. But this will be little [co]nsolation to the campaigners [if] the result is a defeat made [mo]re bitter by their belief [th]at—against huge odds—the [ba]ttle had been won in 1975.

"We're been making steel at Shelton Bar since 1839, And through the years of war and strife we've stood the test of time . . ."

So begins the song, *Fight for Shelton Bar*, one of the relics of [th]e campaign. Time began run[ni]ng out for Shelton in the early [1]970s. In 1971 the workforce [fo]rmed the Shelton Action [C]ommittee.

In 1973 the late Lord Mel[ch]ett, then chairman of the [B]ritish Steel Corporation, [v]isited Stoke and made the [w]idely-expected announcement [th]at iron and steel making [w]ould cease in 1975. Shelton's [ro]lling mill would remain, fed by semi-finished steel from Scunthorpe, but only 950 out of the existing 2,500 jobs would survive.

The action committee's total rejection of this was supported by the local authority, the business community and the people of the Potteries generally. SOS —Save Our Shelton—stickers became familiar around the Midlands.

In spite of Shelton's strong historical and emotional links with the area the action committee's case was based neither on memories of the past nor appeals for sympathy. Its members set out to prove that the plant was economic and the closure of steelmaking unnecessary, although they have always been prepared to accept manpower reductions.

One of the landmarks of the campaign was a costing of BSC's economic arguments for the closure, commissioned by the action committee from Hambros Bank which, committee members believed, supported their case. Another was the documentary play "Fight for Shelton Bar" which drew audiences to Stoke's Victoria Theatre. Throughout the fight committee members prided themselves on their commonsense and moderation and were determined to resist detailed, considered arguments only with detailed, considered arguments. All ranks and trades were united by the action and Shelton's recent industrial relations record is something of a model.

High cost

It was almost two years after the Melchett announcement that Lord Beswick, then a Minister in the Industry department, in his review of the industry's high-cost plants, determined that steelmaking at Shelton would be saved. Two new electric arc furnaces were to be installed in place of the old iron and steelmaking plant — a plan later modified to a single super arc furnace. This would still mean the loss of some jobs, leaving an eventual total of about 1,850, but there was jubilation in Stoke.

All those who had helped in the campaign were invited to a huge celebration dance and a local businessman contributed the Steelman, a stainless steel statue which now stands in the centre of Stoke. Today it commemorates a famous victory but it may soon become an incongruous reminder of a lost cause.

Relieved men, say Shelton workers, took on new commitments — some married, others moved home and increased mortgages as they planned for a more secure future.

Fresh complications were to follow. First as its financial position deteriorated BSC made a renewed attempt to close the existing iron and steelmaking process at Shelton ahead of the January, 1979, date set by Lord Beswick. Then the workers were told that the new arc furnace would provide far fewer jobs than they had expected. But a strong element of hope still remained alive until recently.

Last Monday BSC announced that it wanted to end production of iron and steel by traditional methods at Shelton not in 1979 but early next month. And it is expected that this week's statement by Mr. Eric Varley, the Industry Secretary, will announce the end of the electric arc furnace project.

A letter from Mr. N. D. MacDonald, divisional managing director, told employees last week that BSC had requested an early meeting with the TUC steel committee to discuss the closure of the ironworks and the implications for the workforce. Although no official decision has yet been reached on the arc furnace Mr. MacDonald's references to it in his letter were not couched in terms calculated to raise hopes.

"When a decision is announced the Corporation will be in a position to undertake similar discussion with the trade union steel committee covering those employees affected by this decision," he wrote. BSC's intention is that the Shelton mill will continue to operate and will, says the Corporation, become more competitive in cost.

Deep anger

The plant is again suffering from the depression which it went through in the worst of the old days but there is now a deep anger as well. Men use words like "betrayal" and talk of a "dirty tricks department" loading the argument against Shelton. Named BSC officials are accused of resenting the action committee's victory in 1975 and of using the present general public acceptance of the need for steel plant closures to get their own back. In a letter to a local MP in October Mr. Gerald Kaufman, Minister of State for Industry, gave an assurance that "Shelton will not be singled out." To suspicious minds at the plant where, unlike Clyde Iron and East Moors, the workforce was not consulted on the proposed advanced closure, this is precisely what has happened.

The Shelton men say that their plant's losses are low and would disappear if they did not have to take unprofitable orders from the Corporation's Scunthorpe works. They point to the good industrial relations record of Shelton in comparison with some of BSC's larger plants and quote a BSC accountant as saying that with the new electric arc furnace Shelton would be able to produce the cheapest steel in Europe. BSC's reaction is that however the action committee may present the figures, a new investment at Shelton is not economic when viewed in terms of the state of its operations and the industry as a whole.

The Shelton workers have been so closely involved with a fight to save a single plant that in some cases they probably understand the economics of that plant better than some London-based BSC officials. It is understandable that they cannot accept that, profitable or not, the plant may not figure in an overall strategy for a nationalised industry in a state of financial crisis. Thousands of pounds collected in donations and from fund-raising events have been spent on presenting the Shelton case and fighting the closure. Action committee members have spent countless hours in discussions with politicians and, in a sense, have become politicians themselves.

The question to which BSC will be anxiously awaiting the answer is whether the action committee's outright resistance to the moves to end steelmaking next month will be supported by the whole workforce or whether, with the peaceful Clyde Iron and East Moors exercises behind them, a large body of Shelton workers will admit defeat.

Such evidence as there is suggests that the Shelton workforce is not yet ready to give up. In a ballot conducted in January, 77.5 per cent. favoured continuing the fight in an 82 per cent. poll. There are, after all, significant differences between Shelton and the other two plants. East Moors and Clyde Iron were condemned to close anyway, and their premature shutdown is simply hastening the inevitable in return for enhanced redundancy pay. Shelton did not see itself as a condemned plant. It believed it had a new life ahead with the electric arc furnace.

Another difference, which cannot be overlooked, is the solidarity created by the last seven years' campaign.

Shelton Bar — the name is still widely used locally although Bar disappeared from the official title almost a century ago — runs in families. Mr. Ted Smith, original chairman of the action committee and still a leading member, has worked at Shelton for 23 years having followed his father into the plant. He met his wife at Shelton when she worked there as a nurse. His own two sons are now employed at the plant and he has four cousins and three uncles who have also been Shelton steelworkers. This experience is not unique.

"I have never been on the dole. I do not want to go on the dole. I will not go on social security," he asserts.

Redundancy

The unemployment rate in the Stoke-on-Trent area is not as high as in some of the other places where steelworks are scheduled for closure. Nonetheless, the effect of redundancy among a majority of the Shelton workforce would be considerable and, say action committee members, job losses in companies dependent upon the steelworks would double the direct impact.

What, though, can they do to prevent it? The Shelton action committee was founded in the days when workers' co-operatives and occupations of threatened factories were fashionable, but the men know that this is hardly a realistic action when you are involved with part of a nationalised steel industry. They have the support of their union leaders in resisting any changes in the Beswick timetable made without the consent of the workforce; but people like Ted Smith say that they would not ask for strike action at other BSC plants in support of their cause. Sheer determination and a total refusal to admit defeat, the qualities which ensured that Shelton did not stop producing steel in 1975, remain their main weapons as they vow that they will fight on.

The Steel Man statue which commemorated a victory but may now remind Shelton of a lost cause.

Letters to the Editor

The threat to landowners

From Mr. W. Legge-Bourke

Sir,—John Cherrington (March [1]) speaks of land ownership from personal experience. He started his farming life as a [ten]ant and eventually progressed [to] owning his own farm. Many [fu]ture farmers would dearly love [to] tread the same road. The pro[po]sals he accepts so lightly will [ma]ke it all the more difficult.

How the structure of land[o]wnership arose is academic but [it] is also generally accepted [ac]ademically that the structure [of] land ownership played a major [ro]le in the creation of the present [hi]ghly efficient state of British [ag]riculture when compared to [b]oth other industries and to [o]ther countries—including [F]rance.

Of course trends are changing [an]d will continue to do so, but [a] trend towards state acquisition [o]f land in lieu of capital taxa[ti]on, as accepted by Mr. Cherring[to]n and proposed by the National [E]xecutive Committee of the [L]abour Party, should be seen for [w]hat it is—an interim (if ex[tr]emely shrewd) tactic in the [st]rategy for the eventual national[is]ation of all agricultural land.

Does Mr. Cherrington, as an [ow]ner occupier, really accept [th]at prospect happily? It could [co]me far faster than he might [ex]pect. The corollary of buying [la]nd in lieu of tax is fully ex[p]lained in the NEC document. The essential concessions [g]ranted to farmers under capi[ta]l transfer tax (and envisaged [u]nder a wealth tax) are expen[si]ve in lost revenue, to the [T]reasury, even if strongly [p]ressed by NEDC, the Country [L]andowners Association and the [N]ational Farmers Union alike. [I]f, however, the state would [a]lways take land in lieu of tax, [th]ere would be arguably no [r]eason to continue those conces[si]ons. Indeed, the actual rates [o]f tax on land could well be in[c]reased above the norm. Only in [t]his way could a fair balance be [s]hown against those who have to [p]ay tax in actual cash.

This is the threat which land[o]wners, occupiers and indeed [t]enants now face. It is the thin [e]nd of a very large wedge.

Of course, tenants can be and [a]re as efficient as owner occu[pi]ers, but Mr. Cherrington [a]dmits that the historical trend [h]as been and still is towards [o]wner occupation. This trend has [b]een accompanied by an unpre[c]edented increase in produc[ti]vity and efficiency in the in[du]stry over the same period. The [s]ystem clearly works. Mr. Cher[r]ington seems content to see [t]hat system go to the wall.

These proposals do nothing to [e]ncourage either landlords, [t]enants or owner-occupiers to [i]ncrease productivity, provide [c]ontinuing capital investment or [f]eel any sense of security for [t]he future. Quite the reverse. [I]nevitably, it will be the house[w]ife who suffers in the end—as [u]sual.

W. N. H. Legge-Bourke,
Glanusk Park,
Crickhowell,
Powys, Wales.

Simplified accounts

From Mr. A. Price

Sir,—Mr. Martin Gibbs (March 3[1]) called for support for his belief that simplified versions of annual accounts would be appropriate for most shareholders as well as for employees. I believe that he is right and that both those in high places in the City, the professional institutes, etc., and the Government would do well to read his remarks care[fully].

A recent survey by the Confederation of British Industry suggested that 61 per cent. of managers in British industry cannot explain adequately how profit is calculated. This is scarcely surprising since it is probably also true that 90 per cent. of the qualified accountants are incapable of explaining this concisely in terms which the rest of the world can understand. This is reflected in the poor quality of presentation and layout of the accounts of many small businesses. Sometimes one has the impression that these are set out in such a way as to conceal the truth rather than reveal it. For example it is more often than not impossible to calculate a meaningful gross profit margin.

Managers in industry, and the owners of small businesses, are among the better educated independent shareholders. If they do not understand the basic concepts of accounts, cannot explain the difference between a profit and loss account and a balance sheet, it is certain that the majority of shareholders are just as badly in need of help as are employees.

The work which has been done to improve accounting standards and to extract better and more complete information from public companies is laudable and worthwhile. City and business managements, however, should recognise that they might as well be talking in Chinese to the majority of their audience. This situation will not be remedied by tarting up reports with pie charts and bright colours. The intelligentsia of the financial and accounting world should realise that it must go back to school to learn how to talk to the rest of the world.

This is not just a matter of public relations. The lack of understanding of financial matters, which is so general throughout the population, must be one of the obstacles to economic progress.

A. St. J. Price.
Prudential House,
28-40, Blossom Street, York.

Index-linked pensions

From Mr. J. Hissey

Sir,—It does seem that some letters on index-linked pensions rather miss the two main points at issue. Surely we must first compare the pension benefits enjoyed by past and present public employees, with those permitted in the private sector and make some attempts to estimate the comparative costs.

One client of mine is a long retired regular soldier whose pension has risen over the years to well in excess of his pay at retirement, while most others who have retired from the private sector have had no increase. Furthermore, the Revenue rules for schemes of that time did not permit provision for indexation and I believe still do not do so, but merely permit an assumed allowance which may or may not be sufficient.

Costs are of course impossible to compare, since even the Government Actuary cannot tell us the future rates of inflation. Since there is no public employees pension fund in existence, all that has to be done is to balance today's actual pensions payable with the contributions of those still working and charge any difference to the taxpayer. This difference has been kept within reasonable limits to date, simply by the large increase in the number of public employees and hence their contributions. The trouble is going to arise when the numbers level out, or perhaps even begin to fall and the real cost to the taxpayer will then become apparent.

The only way to offer comparable indexation to the private sector, is for the Government to issue a fully indexed security carrying a reasonable rate of interest. This would really bring the comparative cost of indexation into perspective since the Exchequer would lose one of the few benefits of inflation, namely the annual reduction in the National Debt, represented by the fall in value in real terms of Government Stock held by the pension funds.

Perhaps also the Government Actuary can work me out a scheme for a self-employed indexed pension with the maximum contribution permitted being 15 per cent. of current income.

J. E. B. Hissey.
Stafford Knight and Co.
(Life and Pensions),
Stevinson House,
155, Fenchurch Street, E.C.3.

A question of immigration

From Mr. Robin Day.

Sir,—Your TV critic Chris Dunkley (March 15) has attacked my handling of the BBC 2 programme "A question of immigration." I make no comment on his more personal remarks, but I am entitled to point out that much of his criticism is totally misconceived, bears no relation to the facts, and is unworthy of a serious newspaper.

Mr. Dunkley's first and most fatuous criticism was that "whatever the main question under discussion was, it certainly wasn't immigration." As any viewer other than Mr. Dunkley will have seen and heard, immigration was clearly the main question and was put to the participants as follows: "Are the numbers of coloured immigrants now being accepted too high? Could those numbers be reduced by stricter controls, and if so, how? What of Mr. Powell's argument that the numbers likely to continue coming in can only be effectively reduced by reducing the numbers living here?"

If Mr. Dunkley still persists in his perverse opinion that the main question was not immigration, I can only remind him that some of the participants protested for the very reason that the question *was* immigration, instead of what they would have preferred to discuss, namely race relations or racial discrimination.

Mr. Dunkley describes me as "deliberately obtuse" towards the speaker who thought it was hypocritical for the debate to centre on "coloured" immigration. Any obtuseness on this point is Mr. Dunkley's. What I did was to tell the speaker that the Home Secretary had admitted that immigration controls were "to keep out unwanted coloured people." (The Home Secretary nodded his agreement.) Would Mr. Dunkley have preferred the debate to have been conducted under the pretence that it was not about "coloured" immigration? Would that have been less hypocritical?

As to the councillor who angrily shouted that he had been ignored, it was necessary for me to remind him that he had been invited with no guarantee of being able to speak (which he agreed was so), and that an impossible situation would arise if everyone present insisted on speaking. Mr. Dunkley would have been the first to attack me if the programme had been allowed to degenerate into an ugly brawl.

Another of Mr. Dunkley's nonsensical criticisms referred to "the ease with which Enoch Powell was always allowed to get away" with certain phrases. In fact, as was noted in newspaper reports, Mr. Powell was repeatedly pressed by myself and others about the meaning and implications of his policy.

Judging by numerous viewers' comments to me in praise of this programme, many more people would agree with the headline over Mr. Dunkley's article ("Getting it almost right") than with the ill-founded criticisms which the article contained.

Robin Day.
c/o BBC TV Centre,
Wood Lane, W.12.

Chris Dunkley writes: Wittingly or not, Robin Day concedes the point when he admits that the question put in the programme—and throughout the discussion—confirmed not immigration in general as the title implied, but coloured people. It was precisely this hypocrisy that upset the lady protestor I mentioned.

Wealth must be created

From the Director,
Centre for Innovation and Productivity,
Sheffield City Polytechnic.

Sir,—Mr. O. R. J. Lee (March 11) exposes the real issues in the perennial argument about the function of industry with perception. But he is five, or ten years ahead of most other people.

The problem is that in large organisations people do not understand the fundamentals that are obvious to the small businessman. In a one-man business the owner-manager-worker realises that he earns his living by serving his customers. He exists on the gap between the income from his customers and the outgoings to his suppliers. This profit, the wealth he has created, is subject to tax. The businessman spends part of his profit after tax on food, clothes and perhaps some luxuries. He retains part of the profit to replace the fixed assets. (If he doesn't his business will not survive in the long run.) He may also retain enough profit to finance expansion. But he knows full well that his only source of income is the profit that comes from serving the customer.

When he recruits someone to work in the business for a wage rather than a share of the profit, the businessman takes a risk that the extra profit will at least cover the wage. At that point both he and the taxman redefine profit as the sum left after paying not only suppliers but also employees. But the employee can recognise that his wages depend on serving the customer.

Eventually the business grows so large that the profit is measured in millions of pounds and the wage bill in hundreds of millions. Then people lose sight of the idea that the function of the business is to serve the customer. Customers can do without any one business but no business can exist without customers. By serving the customer a business creates wealth which can then be shared between the employees, the investors and the Government. Some of the wealth created must be retained to replace assets and, if necessary, to finance expansion.

Unfortunately, successive Governments have tampered with the basic rules of business to the point where the ordinary citizen does not understand that wealth must be created before it can be shared out. Somehow, we need to get this simple message across, not just in industry but in the public services which are, or should be, creating wealth.

E. G. Wood.
Halifax House,
16, Fitzalan Square, Sheffield.

To-day's Events

GENERAL

EEC Finance Ministers meet, Brussels.

Chairman of House of Commons Select Committees discuss recent removal by Government of outspoken Labour members from Public Accounts Committee and Nationalised Industries Committee.

TUC Finance and General Purposes Committee meets.

Joint management-union Steel Committee meets and is expected to discuss further BSC plant closures.

National Union of Mineworkers' Yorkshire Area Council holds annual meeting, Barnsley.

Negotiating conference for new International Wheat Agreement continues in Geneva.

Third and final Cantor Lecture on the theme The Creation of Wealth, Royal Society of Arts, John Adam Street, W.C.2. Sir Monty Finniston, chairman, Sears Engineering, speaks on "Creative Management." Sir Leslie Murphy, chairman, National Enterprise Board, presides.

USSR—the Outlook for British Business, a CBI seminar, will be opened by Sir John Methven, its director-general, at Quaglino's, S.W.1. Speakers include Dr. J. M. Gvishiani, Deputy Chairman of the State Committee for Science and Technology under the Council of Ministers of the USSR.

Sir Peter Vanneck, Lord Mayor of London, receives Mr. V. S. Alkhimov, chairman, State Bank of the Soviet Union, at Mansion House, E.C.4.

PARLIAMENTARY BUSINESS

House of Commons: Consolidated Fund Bill.

House of Lords: Shipbuilding (Redundancy Payments) Bill, third reading. Northern Ireland (Emergency Provisions) Bill, consideration of Commons amendments. Civil Aviation Bill remaining stages. Debate on farm prices and the Milk Marketing Board.

OFFICIAL STATISTICS

Gross domestic product (fourth quarter, provisional). Construction new orders (January).

COMPANY RESULTS

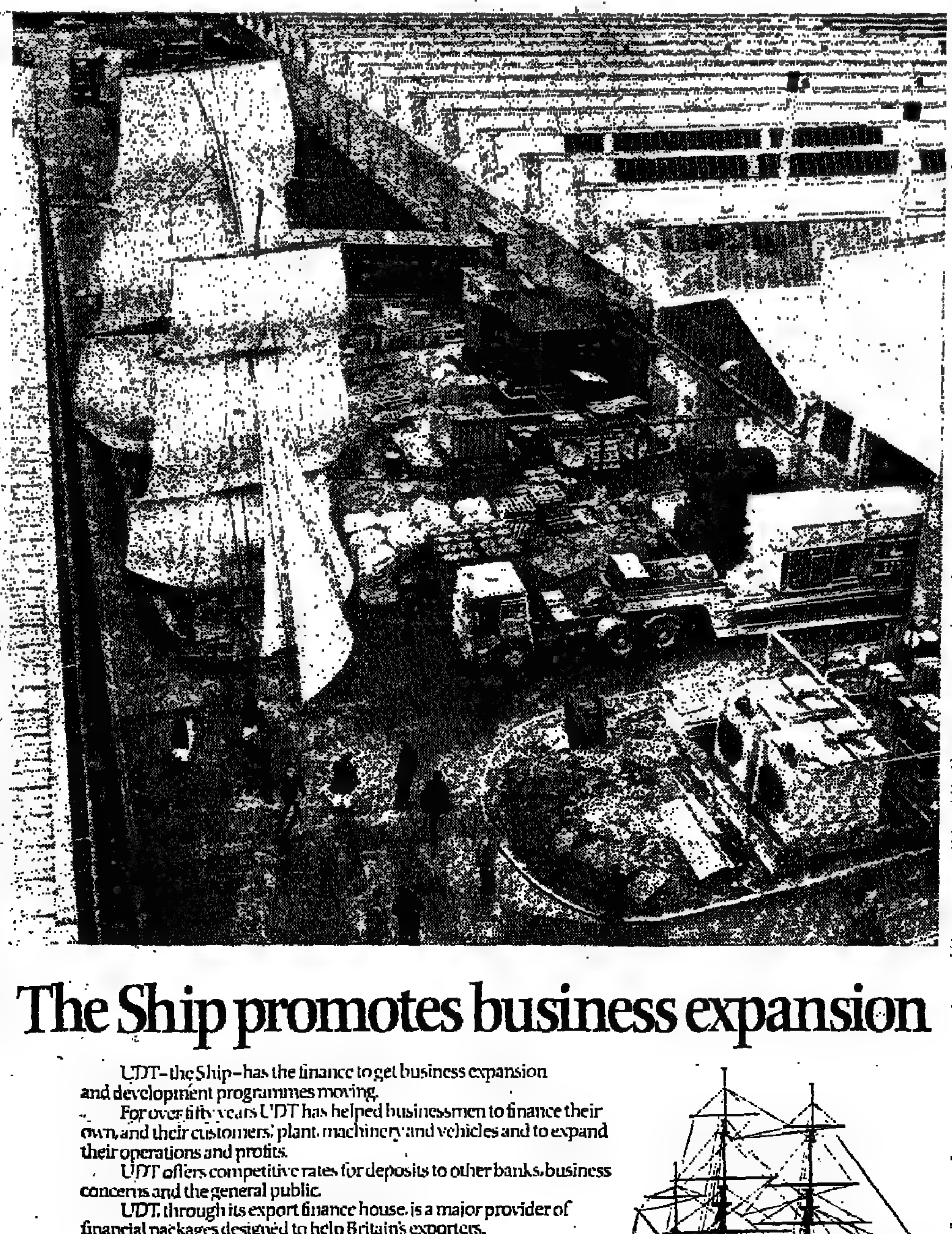
Booker McConnell (full year). British Leyland (full year). Hepworth Ceramic (full year). Willis Faber (full year).

COMPANY MEETINGS

See Week's Financial Diary on Page 38.

SPORT

Rugby Union: Schools Sevens, Rosslyn Park. Golf: Sunningdale Foursomes.



COMPANY NEWS

Growth hopes at National Westminster

MR. R. LEIGH-PEMBERTON, the chairman of National Westminster Bank, tells shareholders that he considers that interest rates, lower than in recent years, and rising costs will continue to put pressure on domestic banking profitability, but this can be alleviated if the bank obtains an effective share of the hoped-for growth in activity.

The chairman says in his annual review that inflation remains the main threat to the U.K. economy, but the continuing pursuit by the Government of firm anti-inflation policies supported by moderation in wage settlements can generate the confidence necessary to increase economic activity and improve ultimate prospects for a sustained reduction of unemployment.

He warns that some increases in interest rates may be necessary if money supply grows but "it is hoped that they will be modest and not deter the much needed upturn in industrial investment."

On international prospects Mr. Leigh-Pemberton says that despite the subdued level of economic activity NatWest expects to see a considerable demand for finance, especially for energy development. While striving for a full share of this and other business, the bank also expects to share in financing some of the payments imbalances in the World economy.

As reported on March 1, 1978, low domestic activity in 1977 was more than offset by growth elsewhere, notably overseas, and group pre-tax profits rose by 21 per cent. to £227.56m. After allowing for a reduction of £20m. in the provision against advances the profit contribution from domestic operations showed a 10 per cent. increase, while the International Westminster Bank group (which contributes 30 per cent. of total profits) lifted its contribution by 22 per cent. to £33.5m.

The chairman says that the group's customers include a very large number of small firms and, "we recognise the cumulative contribution which such businesses make to the country's economy. It continues to be our policy to assist these customers," he says, "and our managers devote much attention to identifying their financing needs and the best ways of satisfying them."

On a CCA basis, the group's adjusted pre-tax profit is shown as £163m. (£130m.), being group profit before tax and extraordinary items of £228m. (£188m.), less free capital £47m. (£46m.), depreciation £8m. (£7m.) and share of associated companies £3m. (£5m.).

The chairman points out that an adjustment for the maintenance of free capital has been made in preference to the gearing adjustment. This is considered to be more appropriate to the circumstances of a bank which, particularly in times of inflation, is concerned with preserving the ratio between free capital and monetary assets.

BOARD MEETINGS

The following companies have notified dates of Board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available whether dividends concerned are interims or finals and the sub-divisions shown below are based mainly on last year's timetable.

TO-DAY

Interims:—Chambers and Fargus Courtney Pope, Finance and Industrial Trust, Lawtex, London Scottish Finance, Newman-Tonks, Pressac.

Finals:—Beatson Clark, Booker McConnell, Expanded Metal, Hepworth Ceramic, Ibstock Johnsen, Low and Bonar, Metal Closures, Montagu Boston Investment Trust, Pittard, Sale Tilney, Tate of Leeds, Williams and James, Willis Faber.

FUTURE DATES

Interims:—

Ingall Industries	Mar. 23
LWT	Mar. 30
Smiths Industries	Apr. 11

Finals:—

A.P.V.	Mar. 30
Aurora	Mar. 30
Banro Consolidated Industries	Mar. 22
Brent Chemicals	Mar. 28
Ladbroke	Mar. 29
Mole (M.)	Mar. 30
Schroders	Mar. 22
Transatlantic Market Trust	Mar. 30
Watmoughs	Mar. 21

Cash payment plan from Sentinel

The Sentinel Insurance Company has launched a new life assurance package over 25 years designed to provide cash-free sums every five years from the 10th year onwards.

Called the Early Cash Payments Plan, it combines two with-profit contracts—one for 20 years, the other for 25 years, designed for the early payment of the declared bonuses. The 20-year plan cashes in the bonuses after 10 years and the 25-year plan after 15 years. The payment after 20 years arises from the maturity of the 20-year contract being the sum assured plus bonuses from the 11th year and the 25-year payment comes from the sum assured plus bonuses from the 15th year. The plan has been designed so that it is eligible for tax relief and this is not forfeited when the bonuses are encashed.

For example, an investor aged 24 could take out a plan providing a basic life cover over the first 20 years of £4,000. On current bonus rates a sum of £1,000 would be paid after 10 years, £1,500 after 15 years, £3,000 after 20 years and £8,000 after 25 years. On death the basic life cover plus attaching bonuses would be paid. The net monthly cost over the first 20 years would be £14.92 per month reducing to £6.66 per month over the last five years.

Mr. Paul Burt, managing director of Sentinel, states that the plan will cater for the needs of the younger investor requiring both cash and protection. It represented a modern approach to the use of life assurance in its most flexible form.

Policy at First Scottish

In his annual statement, Mr. I. R. Guild, the chairman of the First Scottish American Trust says that within the constraints imposed by the need for rising income so that an upward trend in dividend can be continued, it is not the directors present intention to repatriate funds and so reduce the overseas percentage.

Members are told that the American economy could be basically sound provided action is taken over the energy situation, which would help to stabilise the dollar. Japan appears to be adapting well to the difficulties it has had to face, states Mr. Guild, and the long term outlook for its economy fully justifies the percentage of the trust's funds held there.

The trust has continued to hold overseas stocks partly through the investment currency premium and by means of loans. Because of the strength of the Swiss franc, the cost to the company of the SF10m. loan considerably increased, and was therefore replaced on November 21 by roughly equivalent dollar borrowings, amounting to US$4.5m.

As reported on March 1, net revenue advanced from £783,884 to £888,820 for the year to February 1, 1978. Stated earnings were up from 2.6p to 2.96p per 25p share and the dividend total is lifted to 2.85p (2.55p) net.

At February 1, investments amounted to £39.28m. (£37.39m.) A statement of source and application of funds shows liquidity had decreased by £172,000 (£93,000 increase) at the year end.

Meeting, Dundee, April 11 at noon.

Nationwide helps low income buyers

By Adrienne Gleeson

There was fighting talk from Sir Herbert Ashworth, chairman of Britain's biggest building society, Nationwide, at Saturday's annual general meeting. He said that there was no need for the sort of measures that would force building societies to lend a proportion of their money to local authorities in order that the latter might help potential house buyers who earned less than the average wage, or who wanted to buy older property. The building societies were, he said, quite capable of doing the job themselves.

Sir Herbert backed up his assertion with figures for Nationwide showing the amount lent to first time buyers—about half of all loans; the amount lent on older property—about 30 per cent. of all loans; and the amount lent to those with incomes below the national average—about two-thirds of the total lent to first time buyers. The society was, he said, doing everything possible to support the Government's policy of restoring the inner city areas.

Sir Herbert also revealed that, although the society has agreed to cut back on its lending for house purchase, in accordance with the Government's wishes, it is stepping up its advances for improvements and for the replacement of expensive local authority mortgages with cheaper building society money. Last month the society revealed that it was allocating £8m. a month for these purposes: but the figure is now to rise to £11m.

Nationwide's assets increased by 23.1 per cent. last year to more than £3.8bn., thanks to a 40 per cent. increase in net investment receipts to £485m.

The amount invested in shares of the Portman Building Society rose from £117.6m. to £141.2m. during 1977, permitting the society to increase its mortgage lending to the highest total ever. At the year-end outstanding amounts lent on mortgage amounted to £117.4m. (as against £98m.), while investments and cash had increased from £23.4m. to £38.8m.

FT Share information service

The following securities have been added to the Share Information Service appearing in the Financial Times:—

British Empire Securities and General Trust (Section: Investment Trusts).

Connecticut General Life Ins. (Section: Overseas-New York).

Daon Development Corp. (Section: Overseas-Canada).

FT Survey of Consumer Confidence

Caution, despite improvement

BY DAVID CHURCHILL

CONSUMERS ARE still expressing caution about the future despite a continuing improvement in relative prosperity, according to the latest Survey of Consumer Confidence carried out for the Financial Times.

During March, consumers who thought conditions would improve outweighed pessimists by 7 per cent., the same margin as for February.

This is still substantially down on the January margin of 27 per cent., but optimistic consumers have been in the majority for eight successive months. This followed a long spell of pessimism.

The survey is designed to find out how people feel about the future and their present financial position. Movements in the indices usually take three to four months to be reflected in buying patterns.

Over the past six months, reasons given by consumers for optimism have fluctuated. Consumers who felt North Sea Oil a basis for improved confidence have dropped by 5 per cent. since the beginning of the year, and confidence in this is now back at the same level as for October.

Concern

The fall in the inflation rate has only resulted in a small increase in confidence over the past six months—from 15 per cent. to 18 per cent.

The Government's present management of the economy has also risen in consumers' estimation as a basis for confidence.

Those consumers who feel more pessimistic about the future believe rising prices to be a main reason. Over the last month, this reason has increased as a factor by 3 per cent., although it is almost at the same level as at last October.

However, there appears to be greater concern over the Government's handling of the economy in the future.

This reason for pessimism rose by 7 per cent. last month (up 3 per cent. over six months), and among ABC1 men surveyed, over a quarter mentioned the Government as a reason for pessimism.

Among age groups, future confidence is more marked among under-34s than older groups. Regionally, the Midlands and Wales are rather more optimistic than the rest of the country.

The survey reveals that the trend of families considering themselves better off than a year ago is improving. This month some 31 per cent. of consumers surveyed thought themselves better off than a year ago, with 33 per cent. feeling worse off.

This 2 per cent. negative balance of past prosperity was, however, an improvement on the 8 per cent. negative balance last month.

Last November, the gap in past prosperity was −22 per cent.—with twice as many consumers feeling worse off than in the previous year. The improvement since then indicates that people are feeling more secure than previously.

ABC1 women indicated the sharpest rise in past prosperity, while working-class men felt they were about the same.

The under-34s considered themselves better off than a year ago, compared with older age groups. Regionally, Wales and the Midlands seem to be among the best areas for past prosperity.

Reluctant

Consumers in the survey also indicated slight caution as to whether this was a good time to buy large goods for the house. Some 44 per cent. thought so, with 25 per cent. pessimistic.

This 19 per cent. margin was down 3 per cent. on last month and 9 per cent. on the January level. But it was still higher than the last quarter of 1977.

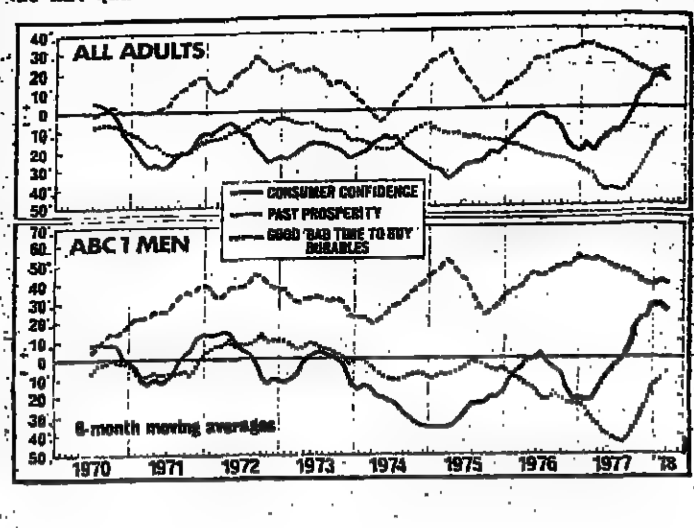
Analysis of the survey shows that ABC1 men were most reluctant to buy large goods at this time, perhaps expecting a lowering of the tax rate in the Budget.

As with last month London consumers seemed most willing to buy large goods at this time.

The number of consumers expecting unemployment to increase fell slightly this month (by 2 per cent.), but a pessimistic outlook for employment was still the main feature.

Some 34 per cent. expected unemployment to rise, with only 13 per cent. expecting a fall.

The survey was carried out by the British Market Research Bureau. A total of 1,026 adults were interviewed between March 2 and 8.



National Survey shows 0.1% drop in prices, but. . .

Real value of food spending up

BY RICHARD MOONEY

HOUSEWIVES are feeding their families better. Or at least more expensively, the Ministry of Agriculture found in its latest National Food Survey.

The survey, covering the October-December quarter last year, shows that in spite of a 0.1 per cent. fall in average prices compared with the previous quarter, food expenditure increased by 4.9 per cent. to £5.31 a person per week. Compared with the final quarter of 1976, expenditure was 13.7 per cent. higher, though prices rose by only 9.5 per cent.

The implied year-on-year spending increase is attributed by the Ministry to "exceptionally large purchases of beef by a very small proportion of those households in the sample which owned a deep-freezer."

The deep-freezer families also had a disproportionate influence on the increase in real expenditure between the third and fourth quarters of last year. For households without a freezer, the survey shows, that the real value of food purchases increased by only 3.2 per cent.

Liquid milk consumption remained low. The 4.52 pints consumed weekly by the average Briton ensured that the average for the whole year was the lowest recorded since rationing ended. Cheese consumption fell slightly to 3.81 oz a person weekly, but the average for the year was similar to 1976's.

The most buoyant sector of the dairy industry was butter, where consumption increased appreciably more in the fourth quarter than, largely in response to the EEC subsidy, in the previous three months.

"Nevertheless," the survey says "Butter consumption, at 5.02 oz per person per week, was nearly 2 per cent lower than in the fourth quarter of 1976, while, mainly because of the subsidy, the average price was nearly 6 per cent. lower in real terms."

Average weekly purchases of sugar rose to 13.34 oz a person, the highest level for over three years but still below that immediately before the shortage of 1974.

Weekly consumption of meat, including supplies taken out of domestic deep freeze, averaged 15.96 ozs a person in the last quarter of last year compared with 15.96 ozs in the previous quarter and 15.03 ozs in the corresponding period of 1976.

Average consumption of fish increased slightly compared with July-September last year to 4.14 ozs, but was still much lower than a year earlier, when an average 5.64 ozs was consumed.

Among vegetables, potatoes were 65 per cent. cheaper than in the fourth quarter of 1976, were consumed in 21 per cent. more quantity.

Consumption of green vegetables, 13 per cent. cheaper, rose by 24 per cent. over the year. Only 16.2 ozs of fresh fruit were consumed weekly on average, against 17.03 ozs in October-December, 1976. The Ministry blames this mainly on reduced supplies of apples and pears.

Housewives paid an average of £1.13 a pound for tea, 5 per cent. lower than in the previous quarter, and consumption recovered by 10 per cent. to 2.08 ozs a person weekly.

This is still low compared with the 2.13 ozs consumed in the same quarter of 1976.

Instant coffee's average price remained at £4.36 a pound, and purchases at 0.31 ozs a person weekly compared with 0.33 ozs in the July-September quarter and 0.57 ozs in the final quarter of 1977.

Pending dividends timetable

he dates when some of the more important company dividend nents may be expected in the next few weeks are given in the ing table. Dates shown are those of last year's announcements, t where the forthcoming Board meetings (indicated thus*) have officially published. It should be emphasised that the dividends declared will not necessarily be at the amounts or rates per shown in the column headed "Announcement last year." ninary profit figures usually accompany final dividend uncements.

	Date	Announcement last year
Metal	Mar. 29	Final 9.157
-American Corpn. SA	Apr. 26	Ints. due
	Mar. 30	Final 6.6361
trong Equip.	Mar. 21	Int. 0.725
ement	Mar. 22	Final 3.7744
ck and Wilcox	Apr. 13	Final 1.0556
of Ireland	May 9	Final 11p
bell	Apr. 26	Final [illegible]
	Mar. 29	Int. 0.6975
wood Hodge	Apr. 17	Final 2.15
r McConnell	Mar. 20	Final due
ns (C.T.)	Mar. 22	Final [illegible]
ter	Apr. 6	Final 5.5
	Apr. 5	Final 4.36
h Home Stores	May 3	Final 3.1
n Estate	May 5	Final 0.6517
s Watson	Apr. 23	Final 1.5
Int.	Apr. 25	Final 1.1373
ary Schweppes	Mar. 31	Final 2.86676
Inds.	Apr. 4	Final 4.787
Discount	Apr. 20	Final 2.5
dded Eng. Stores	Mar. 31	Final 1.8279
Leisure	Mar. 31	Final 3
s	Apr. 20	Final 4.06459
	Apr. 13	Final 3.95
Metal	Apr. 20	Final 2.673
p	Apr. 21	Final 2.6
Star Ins.	Apr. 20	Final 1.735
re Stores	Apr. 18	Final 1.8
H	Apr. 27	Final 4.7
n Minsep	Apr. 27	Final 2.4071
nans (Lond. S.W.)	Mar. 28	Final 3.1211
rd and Discount	Apr. 28	Final 4.818
(A.)	Apr. 13	Final 1.25125
& Duffus	Apr. 29	Final 3.12
red	Apr. 12	Final 4.973
dian Royal Exchange	Apr. 12	Final 5.5313
orth Ceramic	Mar. 20	Final 1.1294
e of Fraser	Mar. 30	Final 2.73543
roke	Mar. 29	Final 4 forecast
r (J.)	Apr. 25	Final 2.07375
rie	May 3	Final 3.23931
Land	Mar. 29	Final 1.217
Inds.	Apr. 26	Final 3.28
l and Genl. Assce.	Mar. 30	Final 3.349
*Liverpool Daily Post	Mar. 22	Final 4.088
London Brick	Mar. 21	Final 1.2576
*Low and Bonar	Mar. 20	Final 4.8
*Lucas Inds.	Mar. 30	Int. 2.122
Marks and Spencer	Apr. 28	Final 2.49
Metoy	Apr. 29	Final 0.95
Minet Hldgs.	Apr. 28	Final 1.419
*Morgan Crucible	Apr. 6	Sec. int. 1.974
Mothercare	May 2	Final 2.414
Natl. and Comcl. Bank	May 5	Int. 1.25
P & O	May 4	Final 3.35742
*Pearl Assce.	Mar. 29	Final [illegible]
Pearson Longman	Apr. 20	Sec. int. 3.610
Pearson (S.)	Apr. 20	Sec. int. 4.10438
*Prudential Assce.	Mar. 30	Final [illegible]
Pye (Hldgs.)	Mar. 28	Final 2.9
*Reckitt and Colman	Mar. 30	Final 5.3252
*Rockware	Mar. 22	Final 2.1672
Royco	Apr. 29	Final Nil
*Rugby Portland Cement	Apr. 17	Final 1.38
Sainsbury (J.)	May 4	Final 3.57
*Schroders	Mar. 22	Final 7.2483
*Scottish Met. Prop.	Apr. 4	Int. 0.9
Sears	Apr. 26	Final 2.31
*Senior Engng.	Apr. 11	Fin. 0.5838 fcst.
Simon Eng'g.	Apr. 25	Final 5.5523
*Slough Estates	Mar. 29	Final 1.278
Smurfitt (J.)	May 2	Final 4.82125
Spillers	Apr. 27	Final 1.94823
*Stone Platt	Mar. 29	Final 1.33
Tarmac	Apr. 27	Final 3.258
*Tele. Rentals	Apr. 26	Final 3.85
Tozer Kemsley	Apr. 26	Final 1.7858
*Tilling (Thos.)	Mar. 22	Final 1.519
Tricentrol	Apr. 19	Final 0.6873
Triplevest	Mar. 31	Final 1.801
*Tube Inv.	Mar. 22	Final 9.801
Vickers	Apr. 20	Final 5.2886
*Weir Group	Mar. 21	Final 3.19
*Willis Faber	Mar. 28	Final 5
Wilmot-Breeden	Apr. 18	Final 1.78896
*Wimpey (G.)	Apr. 27	Final 0.80868
Youghal Carpet	Mar. 28	Final 4.98

* Board meetings intimated. † Rights issue since made. ‡ Tax free. § Scrip issue since made from reserves.

Public Works Loan Board rates

Effective from March 18

Years	Quota loans repaid by EIP†	Quota loans repaid by ERI‡	Quota loans repaid at maturity	Non-quota loans B* repaid by EIP†	Non-quota loans B* repaid by ERI‡	Non-quota loans B* repaid at maturity
o 5	9	9¼	9¾	10¼	10¼	10¾
5, up to 10	9¾	10¼	11¼	11	11¼	11¾
10, up to 15	10¾	11¼	11¾	11¾	11¾	12¼
15, up to 25	11¼	11¾	11¾	11¾	12¼	12¾
25	11¾	11¾	12	12¼	12¾	13¼

* Non-quota loans B are 1 per cent. higher in each case than non-quota loans A. † Equal instalments of principal. ‡ Equal repayments.

RECENT ISSUES

EQUITIES

Amount Paid up	Latest Renunc. Date	1977/8 High	1977/8 Low	Stock	Closing Price p	+ or −	Div. P. or Amount	Times covered	Gross Yield	P/E Ratio
—	—	—	—	Nil	—	—	—	—	—	—

FIXED INTEREST STOCKS

Amount Paid up	Latest Renunc. Date	1977/8 High	1977/8 Low	Stock	Closing Price £	+ or −
F.P.	—	100	100	Agric. Mort. Var. 1983	100	
F.P.	20.2	160	132	Automated Sec. 8% Cnv. Cum. Pref.	157	
F.P.	24.2	106¼	100p	Batleys of Yorkshire 10% Cum. Pref.	102pm	
F.P.	21.2	108½	99p	Centreway 11% Cum. Pref.	105pm	
F.P.	6/5	101	99¼	Grampian Reg. 10% 1985	100¾	
F.P.	—	103p	101p	Greenall Whitley 8% Prf.	101p	−1
F.P.	24/3	105¼	100¼	Kensington & Chelsea 11¼% 86-87	104¼	+¼
F.P.	—	100¼	100	Leicester Variable 1982	100	
£10	28/7	12¼	12	Mid-Sussex Water 7% Red. Prf. 1985	12	
F.P.	28/4	104	100	Pearson (S.) 10¼% Pty. Cnv. Ln. 1993-98	104	
F.P.	—	$97	$96	Shell Intl. Fin. N.V. 8¼% Guar. Notes 1990	$95¾	
F.P.	—	101p	97	Talbex 11½% Cnv. Uns. Ln. 79-88	101p	+1
F.P.	—	101¼	99¾	Tameside Variable 1983	100¼	
£50	28/4	51¼	47½	Do. 10½% Red '84-5	51¼	
F.P.	—	117½p	115p	W. Bromwich Spring 11.5% Prf.	117½p	
F.P.	24/2	105	103p	Whitehouse (G.) 11% Cum. Pref.	105p	
£25	—	25¼	25¼	York Water 11% Deb. 1986	25¼	

"RIGHTS" OFFERS

Issue Price p	Amount paid up	Latest Renunc. Date ●	Latest Renunc. Date ■	1977/8 High	1977/8 Low	Stock	Closing Price p	+ or −
	F.P.	13/3	4/4	90	78	Beaumont Properties	90	+1
	nil	30/3	15/4	5pm	4½pm	C. H. Industrials	4½pm	
	F.P.	3/3	31/3	22	19	Crystalate	22	
	F.P.	20/2	30/3	28	25	Manchester Garages	28	
	F.P.	21/2	31/3	366	330	Midland Bank	362	−1
	F.P.	17/3	7/4	70	70	Millbury	70	
	nil	29/3	10/5	18pm	14pm	Watmoughs	16pm	

Renunciation date usually last day for dealing free of stamp duty. ♭ Figures based on prospectus estimate. ▫ Assumed dividend and yield. ◆ Forecast dividend; cover based on previous year's earnings. ▲ Dividend and yield based on prospectus or other official estimates for 1979. ◇ Gross. † Figures assumed. ‡ Cover allows for conversion of shares not now ranking for dividend or ranking only for restricted dividends. § Placing price to public. pt Pence unless otherwise indicated. ¶ Issued by tender. ‖ Offered to holders of Ordinary shares as a "rights." ** Rights by way of capitalisation. †† Minimum tender price. §§ Reintroduced. ¶¶ Issued in connection with reorganisation merger or take-over. ‖‖ Introduction. □ Issued to former Preference holders. ■ Allotment letters (or fully-paid). ● Provisional or partly-paid allotment letters. ★ With warrants.

BASE LENDING RATES

A.B.N. Bank	6½%	■ Hill Samuel	§ 6½%
Allied Irish Banks Ltd.	6½%	C. Hoare & Co.	† 6½%
American Express Bk.	6½%	Julian S. Hodge	7½%
Amro Bank	6½%	Hongkong & Shanghai	6½%
A P Bank Ltd.	6½%	Industrial Bk. of Scot.	6½%
Henry Ansbacher	6½%	Keyser Ullmann	6½%
Banco de Bilbao	6½%	Knowsley & Co. Ltd.	9 %
Bank of Credit & Cmce.	6½%	Lloyds Bank	6½%
Bank of Cyprus	6½%	London & European	8 %
Bank of N.S.W.	6½%	London Mercantile	6½%
Banque Belge Ltd.	6½%	Midland Bank	6½%
Banque du Rhone	7 %	■ Samuel Montagu	6½%
Barclays Bank	6½%	■ Morgan Grenfell	6½%
Barnett Christie Ltd.	8½%	National Westminster	6½%
Bremar Holdings Ltd.	7½%	Norwich General Trust	6½%
Brit. Bank of Mid. East	6½%	P. S. Refson & Co.	6½%
Brown Shipley	6½%	Rossminster Accept'cs	6½%
Canada Permanent AFI	6½%	Royal Bk. Canada Trust	6½%
Capitol C & C Fin. Ltd.	9 %	Schlesinger Limited	6½%
Cayzer Ltd.	7 %	E. S. Schwab	8½%
Cedar Holdings	8 %	Security Trust Co. Ltd.	7½%
Charterhouse Japhet	6½%	Shenley Trust	9½%
Choulartons	6½%	Standard Chartered	6½%
C. E. Coates	7½%	Trade Dev. Bank	6½%
Consolidated Credits	6½%	Trustee Savings Bank	6½%
Co-operative Bank	* 6½%	Twentieth Century Bk.	7½%
Corinthian Securities	6½%	United Bank of Kuwait	6½%
Credit Lyonnais	6½%	Whiteaway Laidlaw	7 %
The Cyprus Popular Bk.	6½%	Williams & Glyn's	6½%
Duncan Lawrie	6½%	Yorkshire Bank	6½%
Eagil Trust	6½%		
English Transcont.	8 %		
First London Secs.	6½%		
First Nat. Fin. Corpn.	8½%		
First Nat. Secs. Ltd.	8 %		
Antony Gibbs	6½%		
Greyhound Guaranty	6½%		
Grindlays Bank	† 6½%		
Guinness Mahon	6½%		
Hambros Bank	6½%		

■ Members of the Accepting Houses Committee.
* 7-day deposits 3%, 1-month deposits 3½%.
† 7-day deposits on sums of £10,000 and under 3%, up to £25,000 3½%, and over £25,000 4½%.
‡ Call deposits over £1,000 3%.
§ Demand deposits 4%.
¶ Rate also applies to Sterling Ind. Secs.

INTERNATIONAL COMPANY NEWS

Gulf Oil sees further problems in chemicals

PITTSBURGH, March 19.

GULF OIL corporation said that its chemicals business, which was sluggish in 1977, will continue to be a problem this year.

Gulf Oil's worldwide chemical operating profits fell to $75m. last year from $182m. in 1976 as a result of global overcapacity in the petrochemical industry.

The assessment was contained in the company's 1977 annual report, in which it said that "some problems encountered in 1977, notably the decline in chemical earnings, are expected to continue into 1978."

Gulf Oil's earnings declined 7.8 per cent. last year to $752m., or $3.86 per share, from $816m. or $4.19 per share in 1976.

It said the past year fell short of expectations as a number of significant operating achievements were not matched by earnings gains.

The company also said that long-term debt of $1.31bn. at year-end reflected an increase of $139m. from December 31., 1976. This marked the first year debt has increased since 1971, it said.

Gulf attributed the increase in long-term debt to increased borrowings by its Canadian subsidiary, whose long-term debt increased $140m., and by the inclusion of $81m. of long-term debt incurred by Kewanee Industries before its acquisition.

The company said that its cash and marketable securities decreased in 1977 by $825m. to $1.16bn.

The reduction in cash and marketable securities represented the first decline in these items since 1970 and the first time that cash and marketable securities were less than long-term debt since 1973, it said.

Significant progress was made last year at the Mount Taylor Mine, in New Mexico, where Gulf is developing a uranium deposit estimated to contain more than 100m. pounds of ore. Full production is not expected until the early 1980s, said the report.

It said that the Mount Taylor project poses difficult engineering problems, and it will be the "most costly single project in the company's 76-year history."

Reuter

Inland Steel hopes for profit upturn

CHICAGO, March 19.

INLAND STEEL expects 1978 results to "substantially surpass" those of 1977 if the coal strike ends "reasonably soon" said the chairman, Mr. Frederick G. Jaicks, in the company's annual report. The report reaffirmed that Inland is experiencing strong demand for steel mill products.

For 1978, Inland reported earnings of $37.8m. or $4.23 a share on sales of $2.7bn.

Capital expenditures in 1978 will total about $290m., up from $282m. in 1977.

Outlay in 1977 was below the $350m. originally planned, due to delays in its $800m. expansion programme, the company said.

Agencies

Banque Rothschild slips

BY DAVID WHITE

PARIS, March 19

BANQUE ROTHSCHILD, the deposit bank controlled and run by the French branch of the Rothschild family, suffered a sharp setback last year with its net earnings almost 60 per cent. down at Frs.8.53m. (about $1.7m.).

However, the bank, which registered a net profit of Frs.20.93m. the year before, announced that it would keep its net dividend unchanged at Frs.16.

The dividend payment was made possible by the carry over of Frs.1.76m. from the previous year's profit to make up the gap between 1977 earnings and the amount needed to keep up the level of distribution.

Operating profit last year, after write-offs and provisions, dropped to Frs.12.13m. from Frs.26.35m. The bank's cash-flow followed the same pattern, falling to Frs.26.67m. from Frs. 45.45m.

The Rothschild family's presence on the Board was reinforced with the appointment of M. David de Rothschild as Director General, replacing M. Francois Carles.

R. J. Reynolds suit

R. J. REYNOLDS INDUSTRIES said the company and its president, Mr. J. Paul Sticht, have brought a suit in a Federal Court of North Carolina, seeking relief from a Securities and Exchange Commission (SEC) investigation and subpoena relating to its Sea-Land Service subsidiary, reports Reuter from Winston-Salem.

MONEY MARKET

Technical problems

BY COLIN MILLHAM

Management of the day-to-day running of the London money market has proved rather difficult for the Bank of England recently. The money market, which is never easy for an outsider to understand, has become so beset with technical problems that it almost defies any understanding at all.

Sales of gilt-edged stock by the Government Broker have had an adverse influence on the availability of funds on some days, but the underlying situation has not been too difficult, and in different circumstances the market would tick along quite happily.

Conditions have become distorted by two main factors. First, the banks are still worried about possible reimposition of "corset" controls on the growth of their deposits, in the light of recent money supply figures, and secondly there are not enough Treasury bills in circulation at the moment for the requirements of the discount houses.

They may be wrong, but if the "corset" is reintroduced banks expect the regulations to be based on the most recently published banking figures. These are taken for publication on the third Wednesday in each month, and on that day the banks have sought to maintain as high a monetary base as possible.

Last Wednesday the banks again preferred to lend money to the discount houses, since this counts as a Reserve Asset and does not reduce eligible liabilities.

This was good news for the houses, but the underlying factors in the market were not so good, and when an overall shortage of money became evident some houses were either reluctantly forced to sell Treasury bills to the authorities or else balance their books by borrowing at very high rates, perhaps up to 35 per cent., in the interbank market.

The houses' reluctance to sell Treasury bills is for a variety of reasons. Discount houses require Treasury bills for day-to-day operations and the number in circulation has been falling, partly because the authorities have an alternative source of revenue from company taxation in the early part of the year, and also because the Bank of England has bought a large amount of bills recently to relieve market shortages of money.

The authorities have helped as much as possible, by buying bills from the houses and agreeing to sell them back at a future date, and have even bought eligible bank bills for the first time for a year.

Since the beginning of the year weekly issues of Treasury bills have tended to be lower than the amount maturing, but demand from the houses has increased.

Several discount houses are approaching the end of the financial year, and by holding bills which will not mature until the next financial year they can defer the payment of tax.

Another factor is that the yield on Treasury bills has fallen at the last two weekly tenders, and houses are understandably unwilling to reduce their running profits by parting with older higher yielding bills.

At the same time the Bank of England is reluctant to lend money to the market in case this is interpreted as a desire for a rise in interest rates, which is obviously not the case at present.

It is all rather complicated, causing various problems as far as the authorities' market management is concerned. The overall effect of these factors on the growth of the money supply is probably very limited however, and market sentiment has been largely unaffected. Minimum Lending Rate is unlikely to change from 6½ per cent. at least until the Budget and may continue for even longer unless there is a sharp change in events.

Mar. 17 1978	Sterling Certificate of deposit	Interbank	Local Authority deposits	Local Auth. negotiable bonds	Finance House Deposits	Company Deposits	Discount market deposit	Treasury Bills ⊕	Eligible Bank Bills ⊕	Fine Trade Bills ⊕
Overnight	—	5-6¾	—	—	—	6	5-6¼	—	—	—
2 days notice	—	—	6⅛-6¼	—	—	—	—	—	—	—
7 days or 7 days notice	—	6⅛-6¾	6⅛-6¼	—	6¼-6⅛	6⅛	5¾-6⅛	—	—	—
One month	6⅛-6¼	6⅛-6⅝	6¼-6⅜	6⅝-6⅞	6⅝-6¾	6¾	6	6¼	6¼-6¼	6⅞
Two months	6⅛-6⅜	6⅜-6⅝	—	6⅝-6⅞	6¾-6⅞	—	6	5½-6	6⅛-6¼	6⅞
Three months	6⅛-6⅜	6⅛-6¼	6⅛	6⅝-6⅝	—	7	6	6½-6⅞	6⅛	6¾-6⅞
Six months	6½-6⅞	6⅞-7⅛	6⅞-7	6⅝-6⅝	7⅛	—	—	—	6⅝	7¼
Nine months	7⅛-7¼	7⅛-7⅛	—	7⅛-6⅞	8	—	—	—	—	—
One year	7⅛-7⅛	7⅛-7⅛	7⅛-7⅜	7⅛-7⅛	8⅛	—	—	—	—	—
Two years	—	—	8⅞-9	—	—	—	—	—	—	—

Local authorities and finance houses seven days' notice, others seven days fixed. Long-term local authority mortgage rate nominally three years [illegible] per cent.; four years [illegible] per cent.; five years [illegible] per cent. ⊕ Bank bill rates in table are buying rates for prime paper. [illegible]

Approximate selling rates for one-month Treasury bills [illegible] per cent.; two-month [illegible] per cent.; and three-month [illegible] per cent. Approximate selling rate for one-month bank bills [illegible] per cent.; two-month [illegible] per cent.; and three-month [illegible] per cent.; one-month trade bills [illegible] per cent.; two-month [illegible] per cent.; and also three-month [illegible] per cent.

Finance House Base Rates (published by the Finance Houses Association) 7 per cent. from March 1, 1978. Clearing Bank Deposit Rates (for small sums at seven days' notice) 3 per cent. Clearing Bank Base Rates for lending 6½ per cent. Treasury Bills: Average tender rates of discount [illegible] per cent.

FOREIGN EXCHANGES

Mar. 17	Bank Rate %	Day's Spread	Close
New York	[illegible]	[illegible]	[illegible]
Montreal	[illegible]	[illegible]	[illegible]
Amsterdam	[illegible]	[illegible]	[illegible]
Brussels	[illegible]	[illegible]	[illegible]
Copenhagen	[illegible]	[illegible]	[illegible]
Frankfurt	[illegible]	[illegible]	[illegible]
Lisbon	[illegible]	[illegible]	[illegible]
Madrid	[illegible]	[illegible]	[illegible]
Milan	[illegible]	[illegible]	[illegible]
Oslo	[illegible]	[illegible]	[illegible]
Paris	[illegible]	[illegible]	[illegible]
Stockholm	[illegible]	[illegible]	[illegible]
Tokyo	[illegible]	[illegible]	[illegible]
Vienna	[illegible]	[illegible]	[illegible]
Zurich	[illegible]	[illegible]	[illegible]

‡Rates given are for convertible francs. Financial franc [illegible].

OTHER MARKETS

Argentina	[illegible]	Argentina	[illegible]
Australia	[illegible]	Austria	[illegible]
Brazil	[illegible]	Belgium	[illegible]
Finland	[illegible]	Denmark	[illegible]
Greece	[illegible]	France	[illegible]
Hong Kong	[illegible]	Germany	[illegible]
Iran	[illegible]	Italy	[illegible]
Kuwait	[illegible]	Japan	[illegible]
Luxembourg	[illegible]	Netherlands	[illegible]
Malaysia	[illegible]	Norway	[illegible]
N. Zealand	[illegible]	Portugal	[illegible]
Saudi Arab.	[illegible]	Spain	[illegible]
Singapore	[illegible]	Switzerland	[illegible]
S. Africa	[illegible]	United States	[illegible]
U.S. cents	[illegible]	Yugoslavia	[illegible]

Rate given for Argentina is a free rate.

GOLD MARKET

	Mar. 17	Mar. 16
Gold Bullion (a fine ounce) Close	[illegible]	[illegible]
Opening	[illegible]	[illegible]
Morning fix'g	[illegible]	[illegible]
Afternoon fix'g	[illegible]	[illegible]
Gold Coins domestically Krugerrand	[illegible]	[illegible]
New Sovereigns	[illegible]	[illegible]
Old Sovereigns	[illegible]	[illegible]
Gold Coins internationally Krugerrand	[illegible]	[illegible]
New Sovereigns	[illegible]	[illegible]
Old Sovereigns	[illegible]	[illegible]
$20 Eagles	[illegible]	[illegible]

EXCHANGE CROSS-RATES

Mar. 17	Frankfurt	New York	Paris	Brussels	London	Amst'dam	Zurich
Frankfurt	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
New York	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Paris	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Brussels	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
London	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Amst'dam	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Zurich	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

[illegible] Sterling in Milan [illegible].

FORWARD RATES

	One month	Three months
New York	[illegible]	[illegible]
Montreal	[illegible]	[illegible]
Amst'dam	[illegible]	[illegible]
Brussels	[illegible]	[illegible]
Cop'nhgn.	[illegible]	[illegible]
Frankfurt	[illegible]	[illegible]
Lisbon	[illegible]	[illegible]
Madrid	[illegible]	[illegible]
Milan	[illegible]	[illegible]
Oslo	[illegible]	[illegible]
Paris	[illegible]	[illegible]
Stockh'lm	[illegible]	[illegible]
Vienna	[illegible]	[illegible]
Zurich	[illegible]	[illegible]

Six-month forward dollar [illegible]. 12-month [illegible].

EURO-CURRENCY INTEREST RATES

Mar. 17	Sterling	Canadian Dollar	U.S. Dollar	Dutch Guilder	Swiss Franc	W. German mark
Short term	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
7 days notice	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Month	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Three months	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Six months	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
One year	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Euro-French deposit rates: [illegible]. Long-term Eurodollar deposits: [illegible]. The following nominal rates were quoted for London dollar certificates of deposit: [illegible]. * Rates are nominal closing rates. Short-term rates are call for sterling, U.S. dollars and Canadian dollars two days' notice for guilders and Swiss francs.

CURRENCY RATES

Mar. 17	Special Drawing Rights	European Unit of Account
Sterling	[illegible]	[illegible]
U.S. dollar	[illegible]	[illegible]
Canadian dollar	[illegible]	[illegible]
Austrian schilling	[illegible]	[illegible]
Belgian franc	[illegible]	[illegible]
Danish kroner	[illegible]	[illegible]
Deutsche Mark	[illegible]	[illegible]
Guilder	[illegible]	[illegible]
French franc	[illegible]	[illegible]
Lira	[illegible]	[illegible]
Yen	[illegible]	[illegible]
Norwegian krone	[illegible]	[illegible]
Peseta	[illegible]	[illegible]
Swedish krona	[illegible]	[illegible]
Swiss franc	[illegible]	[illegible]

MINING NOTEBOOK

Western Mining, to buy or not to buy

BY LODESTAR

READERS' inquiries continue to flow in. Top of the current list is Western Mining the shares of which seem to be regarded as intriguing on the theory that the worst may now have been seen of the slump in nickel, a theory that is leading to a search for long-term recovery stocks in this sector.

It seems to have been touched off by the recent modest raising of its nickel prices by France's Le Nickel. Moreover, it is now reported from Perth that Western Mining may be following suit in its customer quotes for the second quarter of the year.

Whether such increases will stick depends on the attitude of that arbiter of the nickel industry Canada's Inco. And that concern has been playing its cards very close to its chest since the cut-throat 1977 price war.

In its recent half-year report Western Mining went no further than saying that the outlook for nickel remained "subdued" although it was added that prices had stabilised in recent months. At least the company has remained in the black on its nickel operations in marked contrast with Canada's Falconbridge and others. There is also the offsetting factor of increasing revenue from its gold and aluminium interests.

Medium-term earnings prospects must nevertheless be deemed unexciting with 1977-78 profits likely to be little more than 6 cents a share. So there will be a cut in the 6 cents dividend as has already been indicated by a halving of the interim to 1½ cents.

Looking further ahead there is the Yeelirrie uranium prospect in which Germany's Urangesellschaft is seeking a stake and the big Roxby Downs copper-uranium find in South Australia to be taken into account plus the chances of the joint venture oil and gas search with Esso producing some share market stimulating results. Last week's news of hydrocarbon showings in the first offshore wildcat did well. In fact, bring in a few buyers of Western Mining, pushing the shares up 8p to 102p.

All in all, I would not like to deter would-be purchasers altogether but it could still be a long haul before the vital nickel side of the business is restored to full health. So it might be best to accumulate a holding by degrees rather than buy the full amount required now. And if you are that optimistic about a nickel revival why not go for the shares of Inco itself which could also be hauled up by any general revival in the Wall Street market.

Suspended

It is not often that the long-running "whatever happened to" series gets round to a South African company but some cries for help have come from shareholders in the old Johannesburg Consolidated group gold mine Government Areas. Understandably, because dealings in the shares were suspended in September, 1974, and still are. This was after they had run up to 530 cents in Johannesburg during the 1974 gold boom. Price at suspension was 255 cents.

At that time Government Areas' control has passed from "Johnnies" to Mr. Desmond Fisher who was waxing optimistic about the mine's re-opening. Jim Slater's Lubok was interested in taking a 20 per cent. stake. But Government Areas ran out of money and at the end of 1974 a judicial manager was appointed. Control was subsequently acquired by a local entrepreneur Dr. Charles Ferreira who seemed more interested in salvaging the company's property holdings than in the mine.

It is occasionally suggested sarcastically in Johannesburg that the shares will be re-listed in time for the next gold boom. The company was last heard of when it sold some of its slimes dams to Anglo American's Ergo operation for cash. Mr. Fisher was last heard of as a local franchise holder for Kentucky Fried Chicken. But, as our Johannesburg correspondent says, it is a moot point whether Government Areas' shares will ever be finger-lickin' good again.

Diamond imbroglio

Ever heard of the Oombulgurri? De Beers has. It landed a helicopter crew seeking oil samples on their tribal lands without their permission. So Western Australian Mines Minister Andrew Mensaros cancelled the prospecting rights of De Beers' Stockdale Exploration in the state's remote and desolate Kimberley region.

This is where the RTZ group's Conzinc Riotinto of Australia has high hopes of finding diamonds in commercial quantities as outlined here on March 6. But they are all right. They have the Oombulgurri's backing. This aboriginal tribe apparently takes the view that they prefer to deal with just one mining company not several competing ones.

The Western Australian Government is having second thoughts about the affair by framing new legislation. So the members of the Aboriginal Lands Trust are threatening to resign.

The mix-up underlines the difficulties which mining companies, especially the potential uranium miners in the Northern Territory, face over the question of aboriginal rights. In fact, anyone who reads what the Northern Land Council wants for the Aborigines in the Northern Territory by way of royalties and share of profits on uranium mining would probably be inclined to rush straight out and sell his Pancontinental. But, of course, there could be a wide gap between what is wanted and what will eventually be granted.

So Mr. Chester Beatty is to take a well-earned rest, passing over the Selection Trust reins to Mr. John Du Cane. But don't rush in and buy the shares because of any theory that his departure will clear the way for Charter Consolidated to make an outright bid for the company. This looks as unlikely an event as ever. Buy them when under 400p (present price is 390p) by all means but not for this reason.

Mr. Beatty's interest in cancer research and farming is well known. Less well known is his gift for mimicry. When he is in full spate at a lunch journalistic guests tend to be laughing so much that it is only afterwards that they remember the very pertinent (or impertinent?) questions that they haven't asked. Mr. Beatty's farewell annual meeting is on June 8. He could play to a packed house!

INSURANCE

Lord Pearson supplies mass of detail on injury claims

BY OUR INSURANCE CORRESPONDENT

AFTER FIVE anxious years the British insurance industry has stopped waiting for Pearson. Lord Pearson appeared at the Royal Commission's offices in Kingsway to introduce the report on Civil Liability and Compensation for Personal Injuries last Thursday.

This comprises three volumes, of standard SO size and printing, covering about 1,100 pages and costing £14.80, although three volumes can be bought separately.

The principal features of the commission's recommendations have been given reasonable publicity in the short time since publication, and inevitably there has been some critical reaction to various aspects.

But it is of course nonsensical for anyone to expect instantaneous reasoned comment from affected parties such as insurers, lawyers and so on, on a report which has taken so many eminent men so long to produce.

The essential task is first to read Pearson, so to speak, in the round, and then to examine particular details—and until then to hold one's peace.

The first of the three volumes contains the commission's recommendations. The other two deal with the background information which the commission amassed in written and oral evidence and by on the spot inquiries by its members.

Volume 2 deals with statistics and costings. Volume 3 with overseas systems of compensation. If they are thanked for nothing else, the members of the Pearson Commission should be thanked for setting down this wealth of detail.

In the short time since publication I have been dipping into statistics and costings, and more particularly those chapters which deal with the incidence and cost of personal injury claims under our present liability compensation systems.

The commission quickly found that there were no reliable statistics produced on a national basis and that estimates had to be made using a variety of data, to calculate the number of personal injury claims made in any one year.

The commission worked on the year 1973, but there is no reason to suppose that the situation has changed much since then.

Payment

The commission estimates that 250,000 personal injury claims are made each year, including 117,000 claims in respect of working accidents and disease, and 102,000 after motor accidents.

Of these the 215,000 are compensated by payment of damages, 92,000 are working accidents, 98,000 are motor accidents. In terms of January, 1977, currency the amount of liability compensation paid is about £200m. a year.

Insurers deal with 9 per cent. of the claims on behalf of policy-holders. The other 10 per cent. fall on uninsured individuals or organisations choosing to carry their own risks. Only 1 per cent. of injury claims go to court and 86 per cent. of all claims are settled without recourse to legal proceedings.

Many of these are settled before or during trial and just over 2,000 actions a year reach judgment. Of these, less than 10 per cent. are subject to appeal to superior courts. There are two or three appeals to the House of Lords a year.

Settlements of less than £500 are made for 59 per cent. of all claims. A further 19 per cent. are settled between £500 and £1,000. Only 3 per cent. of all claims cost more than £5,000 each, but these involve 34 per cent. of all payments.

The report records the time taken by insurers to settle claims, with 48.9 per cent. of all claims being settled within the year of the date of injury and another 31.6 per cent. within the next 12 months. But at the top end 0.9 per cent.—those cases of serious injury or where serious dispute is made on liability—are still not settled after five years have passed.

In the U.K. there are three main legal juristictions and the commission has analysed court injury awards made in 1974. These show the average Scottish award was £1 370, the average award in England and Wales, £1,810 and the average Northern Irish award £2,230.

Insurers and lawyers have long known of this pattern but there surely is material here for economists and sociologists to investigate?

These are some of the basic facts of liability compensation to which the commission's proposals refer. The commission's recommendation to move some compensation from the liability sector to no fault compensation administered by the Department of Health and Social Security might eliminate £80m. worth of liability damages principally for short term claims (redistributing the burden on the State sector), but it will not relieve insurers of the long tail burden which poses insurers such a problem in costing and reserves.

Windscale plan to be opposed by Liberals

MR. DAVID STEEL, the Liberal leader, said yesterday his party would divide the House at the end of Wednesday's debate on the Parker report on the Windscale inquiry. The report said the £600m. reprocessing plant should go ahead as soon as possible.

Although it would be a token vote only since the debate was on the technical motion to adjourn "it will provide Members of Parliament with the first opportunity to register dissent from the proposition that a reprocessing plant be built at Windscale," he said at the National Liberal Club.

Mr. Steel said Liberals would wish to oppose the development at least until the report of President Carter's programme to investigate alternative fuel cycles was published.

Cherbourg ferry start delayed

THE SEALINK summer car ferry service between Weymouth and Cherbourg will not start today as planned said British Rail.

The ferry Maid of Kent, which would have started the six-day-a week service, is still in dry dock undergoing repairs to her tanks. She will not be ready until at earliest April 10.

Efforts are being made to bring the ferry Lord Warden from Newhaven to start the service by Easter weekend. She too must be dry docked at Southampton before she can take over.

Henley's £1.5m.

LORD HENLEY, of Scaleby Castle, Carlisle, chairman of the Council for the Protection of Rural England since 1972, who died on December 20 aged 63, left £1,565,389 gross (£1,508,828 net). He was Liberal spokesman for the Environment in the Lords.

LOCAL AUTHORITY BOND TABLE

Authority (telephone number in parentheses)	Annual gross interest	Interest payable	Minimum sum	Life of bond
	%		£	Year
Barnsley Metro. (0226 203232)	10	½-year	250	4-7
Kirklees (0484 22133)	10	½-year	500	4-6
Reading (0734 592337)	10	½-year	1,000	5-7
Redbridge (01-478 3020)	10	½-year	200	5-7
Southend (0702 49451)	9¾	½-year	250	3
Thurrock (0375 5122)	10	½-year	300	4
Thurrock (0375 5122)	10¼	½-year	300	5-7
Wrekin (0952 505051)	8	½-year	500	2
Wrekin (0952 505051)	10	yearly	1,000	4

FINANCE FOR INDUSTRY TERM DEPOSITS

Deposits of £1,000-£25,000 accepted for fixed terms of 3-10 years. Interest paid gross, half-yearly. Rates for deposits received not later than 31.3.78.

Terms (years)	3	4	5	6	7	8	9	10
Interest %	9¾	10	10½	10¾	11	11¼	11½	11¾

Rates for larger amounts on request. Deposits to and further information from The Chief Cashier, Finance for Industry Limited, 91 Waterloo Road, London SE1 8XP (01-928 7822, Ext. 177). Cheques payable to "Bank of England, a/c FFI." FFI is the holding company for ICFC and FCI.

OVERSEAS MARKETS

EUROBONDS

New issue flow causes problems

BY FRANCIS GHILES AND MARY CAMPBELL

THE RELATIVELY orderly progress of new issue activity in the D-mark sector of the Eurobond market was thrown into some confusion at the end of last week. Some bankers felt that they had become, in the words of one of them, "victims of the very high level of new issue activity of recent months." They thought it would be useful to stretch the queue of issues due for the past two weeks of the month.

This situation was discussed at length by members of the Capital Markets Sub-committee, which sets the timing and amount of new foreign bond issues each month, during an informal meeting held in Frankfurt last Friday afternoon in the wider context of the monthly meeting of the Capital Markets committee.

Contrary to some market expectations, which had forecast a decision to cut back the flow of new issues, it seems that exactly the contrary may hapen. Not only is the DM200m. bond for the United States of Mexico, which was widely awaited last Friday, now expected to be announced later to-day, but rumours suggest that, in the event of a conservative victory in the run off of the French elections, a top French State agency name may be added to the new issue calendar for this month, for DM200-250m.

The terms for the Mexican bond, which Deutsche Bank will manage, are expected to include a 6 per cent. coupon and a bullet maturity of seven years. Whether such terms are right or wrong is impossible to say. What is certain is that they are considerably tighter than those of the Comicion Federal de Electricidad bond which was priced last week. They will certainly put pressure on the DM100m private placement due on the 29th of this month for the Mexican State development bank Nacional Financiera and which are currently scheduled to include a coupon of 6¾ per cent. for a seven-year maturity, with pricing below par. This placement is being arranged by Bayerische Vereinsbank.

The Comicion Federal de Electricidad bond, which boasts a coupon of 6¾ per cent. and a maturity of 10 years was priced at par but its performance in the secondary market was very lacklustre. It was being quoted on Friday at 98/98½.

A bond for a sovereign borrower is of course more attractive than one for an agency of the same sovereign state. But the questions remains: is that difference in quality work as much as half a point less on the coupon, especially in current uncertain market conditions? The next few days will no doubt provide some answers to the question.

Otherwise, the D-Mark sector was dominated by uncertainty surrounding the currencies. Prices overall fell by about half a point on the week despite staging a recovery on Friday. The worst performer of the week was without doubt the bond for the Philippines: it was priced at 99½ and fell to a two point discount in the aftermarket. The opinion was widely expressed that it had been mispriced.

On prospects for the yen, Japanese convertibles were an exception. Nisshin Steel finished the week four points up at 105¼-¾.

Among other issues expected before March is out are DM200m. for the Kingdom of Spain, to be managed by Deutsche Bank, and a DM50m. private placement for Thailand, that country's first foray into this market, to be managed by the same bank. The increase in the calendar of new issues led one banker to comment ruefully: "It is a case of trying to cure drunkeness with more drink!"

Currency considerations cast a veil of uncertainty over the dollar sector of the market throughout last week and by Friday the immediate horizon was no clearer than it had been at the beginning of the week. The talking up of the dollar which had been going on since the end of the previous week resulted in what, in the event, proved to be a damp squib: the U.S.-German communique issued last Monday afternoon met with an unenthusiastic response and dollar bonds fell back by a quarter of a point that day.

Turnover was thin throughout the week, except on Friday when dealers reported a "perking up" of activity. Prices moved up a little on the week but there was little to convince most dealers this trend would firm.

Within this overall picture however there is reportedly good demand for the short term top quality paper on offer—Australia, Norway and the shortest tranche of the Canadian bond. The Norwegian issue was increased from the scheduled $100m.

Demand for the two tranche ECSC bond was reported to be steady. The two tranches are expected to be priced to-night, as also the floating rate note for Costa Rica.

BONDTRADE INDEX AND YIELD

	March 17		March 10		1978 High	1978 Low
Medium term	99.62	7.85	99.56	7.87	99.81 (13/2)	99.15 (16/2)
Long term	93.75	8.38	93.64	8.39	93.84 (2/1)	93.03 (13/1)

EUROBOND TURNOVER (nominal value in $m.)

	U.S. dollar bonds last week	U.S. dollar bonds previous week	Other bonds last week	Other bonds previous week
Euroclear	1,069	852.5	448.6	337.9
Cedel	418.3	271.1	380.7	252.7

CURRENT EUROBOND ISSUES

Borrowers	Amount m.	Maturity	Av. life years	Coupon %	Price	Lead manager	Offer yield %
U.S. DOLLARS							
‡ITEL	25	1988	¶	9¼	100	Kidder Peabody	[illegible]
‡Norway	125	1983	5	8¼	100	Hambros	[illegible]
ECSC	25	1993	11.43	9	*	Parisbas	*
ECSC	25	1998	13.88	9¼	*	Parisbas	*
†STET	50	1985	5	8	100	Kredietbk Lux., Orion	[illegible]
†Costa Rica	20	1985	5½	8¼	100	BNP	[illegible]
†Banco Union	25	1983	5	7¼	100	Morgan Stanley Int.	[illegible]
MacMillan Bloedel	50	1993	11½	9¼	*	Morgan Stanley Int.	*
††Canada	250	1983	5	*	*	Morgan Stanley Int.	*
††Canada	250	1985	7½	*	*	Morgan Stanley Int.	*
††Canada	250	1998	20	*	*	Morgan Stanley Int.	*
Australia	300	1982	4	8	100	Deutsche	[illegible]
††Norges Kommunalbk (g'teed Norway)	75	1998	13	*	*	Smith Barney	*
D-MARKS							
‡Philippines	100	1985	7	6½	99½	Dresdner	[illegible]
‡Com. Fed. de Electricidad	150	1988	8	6¾	100	WestLB	[illegible]
Electrobraz	150	1986	8	6¾	*	Dresdner	
**ISCOR	30	1982	3½	7¼	*	Bayerische Vereinsbank	
STERLING							
Gestetner	10	1988	*	10½	*	N. M. Rothschild, Morgan Grenfell	
SWISS FRANCS							
‡ASEA	100	1993	n.a.	3¾	99	UBS	[illegible]
‡Cia. Vale do Rio Doce	50	1990	n.a.	4¾	99	SBC	[illegible]
YEN							
‡**Panama	10	1988	8.53	7.8	99½	Yamaichi, Bank of Tokyo	[illegible]
‡**IMDBI	10	1988	¶	7.8	100	IBJ	[illegible]
‡Philippines	15	1988	9	6.7	99.8	Nomura	[illegible]
UNITS OF ACCOUNT							
Ind. Bank of Finland (g'teed Finland)	15	1993	10½	7½	*	Kredietbank	
LUXEMBOURG FRANCS							
‡Copenhagen Telephone	500	1988	¶	8	100	Kredietbank	

* Not yet priced. ‡ Final terms. ** Placement. † Floating rate note. ‖ Minimum. § Convertible. †† Registered with U.S. Securities and Exchange Commission. ¶ Purchase fund. Note: Yields are calculated on AIBD basis.

Indices

NEW YORK—DOW JONES

	Mar. 17	Mar. 16	Mar. 15	Mar. 14	Mar. 13	Mar. 10	1977-78 High	1977-78 Low	Since compilat'n High	Since compilat'n Low
Industrial	758.71	752.82	758.58	762.56	759.06	758.58	999.75 (3/1/77)	742.12 (28/2/78)	1051.70 (11/1/73)	41.22 (2/7/32)
H'meB'nds*	89.72	89.76	89.86	89.87	89.85	89.72	95.87 (7/9)	89.35 (28/1/76)	—	—
Transport	207.29	205.54	205.20	205.10	201.40	201.82	246.64 (18/5)	199.31 (9/3/78)	279.88 (7/2/69)	13.23 (8/7/32)
Utilities	106.19	106.46	106.56	106.19	106.45	105.92	118.67 (22/2/77)	102.54 (22/3/78)	163.32 (20/4/69)	10.58 (28/4/42)
Trading vol 000's †	28,470	25,400	23,340	24,800	24,070	27,080	—	—	—	—

* Basis of index changed from August 24

Ind. div. yield %	Mar. 10	Mar. 3	Feb. 24	Year ago (approx.)
	6.14	6.22	6.14	4.45

STANDARD AND POORS

	Mar. 17	Mar. 16	Mar. 15	Mar. 14	Mar. 13	Mar. 10	1977-78 High	1977-78 Low	Since Compilat'n High	Since Compilat'n Low
‡Industrials	98.28	98.46	97.89	98.50	97.84	97.78	118.92 (3/1/77)	95.52 (6/3/78)	154.64 (11/1/73)	3.52 (30/6/32)
‡Composite	89.20	89.51	89.12	89.35	88.95	88.88	107.00 (3/1/77)	86.90 (6/3/78)	125.85 (11/1/73)	4.40 (1/6/32)

	March 15	Mar. 8	Mar. 1	Year ago (approx.)
Ind. div. yield %	5.47	5.55	5.57	4.17
Ind. P/E Ratio	8.45	8.46	8.40	10.45
Long Govt. Bond yield	8.16	8.20	8.23	7.76

N.Y.S.E. ALL COMMON

Mar. 17	Mar. 16	Mar. 15	Mar. 14	1977/78 High	1977/78 Low
50.25	49.97	49.85	49.76	57.87 (4/1/77)	48.37 (6/3/78)

Rises and Falls

	Mar. 17	Mar. 16	Mar. 15
Issues traded	1,806	1,827	1,857
Rises	871	837	672
Falls	438	506	715
Unchanged	497	484	470
New Highs	76	64	45
New Lows	13	25	28

MONTREAL	Mar. 17	Mar. 16	Mar. 15	Mar. 14	1977-78 High	1977-78 Low
Industrial	171.22	170.55	169.74	169.06	180.47 (17/3)	156.02 (25/10)
Combined	179.07	178.39	177.84	177.18	187.35 (19/1/77)	165.60 (25/10)
TORONTO Composite	1046.5	1044.2	1038.4	1034.1	1067.4 (19/7)	981.0 (26/10)
JOHANNESBURG Gold	200.0	203.1	206.2	207.9	218.7 (12/78)	158.4 (24/6)
JOHANNESBURG Industrials	187.8	187.0	185.8	184.9	214.4 (4/1/78)	169.1 (22/4)

	Mar. 17	Previous	1977-78 High	1977-78 Low
Australia(¶)	446.58	447.90	479.44 (3/1/78)	418.55 (16/2/77)
Belgium (‖)	95.24	95.45	99.12 (10/1/77)	90.43 (12/1/78)
Denmark**	94.63	95.06	107.98 (9/8)	94.00 (6/2/78)
France (††)	58.9	57.6	58.9 (17/3/78)	43.6 (10/6)
Germany(‡‡)	792.3	789.3	813.3 (17/11)	712.6 (10/3/77)
Holland (§§)	78.0	77.5	85.2 (4/6)	75.6 (29/9)
Hong Kong (¶¶)	425.46	417.85	426.17 (11/6)	383.44 (13.1.78)
Italy (‖‖)	61.35	62.05	75.71 (5/1/77)	54.90 (22/12)
Japan (a)	399.31	399.88	399.88 (16/3/78)	350.49 (24/11)
Singapore (b)	275.16	275.18	275.60 (16/3/78)	242.22 (3/6)

	Mar. 17	Previous	1977-78 High	1977-78 Low
Spain (d)	87.88	88.37	100.00 (30/12)	87.58 (17/3/78)
Sweden (e)	355.90	357.13	416.52 (22/3)	285.53 (24/11)
Switzerl'd (f)	282.2	282.2	323.7 (14/3/77)	280.6 (16/3/77)

Indices and base dates (all base values 100 except NYSE All Common — 50 Standards and Poors — 10 and Toronto 300-1,000, the last named based on 1975). † Excluding bonds. ‡ 400 Industrials. § 400 Inds., 40 Utilities, 40 Finance and 20 Transport. (¶) Sydney All Ord. (‖) Belgian SE 31/12/63. (**) Copenhagen SE 1/1/73. (††) Paris Bourse 1961. (‡‡) Commerzbank Dec., 1953. (§§) Amsterdam. Industrial 1970. (¶¶) Hang Seng Bank 31/7/64. (‖‖) Milan 2/1/73. (a) Tokyo New SE 4/1/68. (b) Straits Times 1966. (c) Close. (d) Madrid SE 30/12/77—high and low for 1978 only. (e) Stockholm Industrial 1/1/58. (f) Swiss Bank Corp. (u) Unavailable.

GERMANY ♦

JOHANNESBURG

MINES

AUSTRALIA

PARIS

VIENNA

OVERSEAS SHARE INFORMATION

Inv. $ Prem. at $2.60 to £—91¼% (93¼%)
Effective rate at (1.9075) 40¼% (43¼%)

NEW YORK

CANADA

AMSTERDAM

TOKYO ¶

Source Nikko Securities, Tokyo.

COPENHAGEN ♦

SWITZERLAND ♦

STOCKHOLM

BRUSSELS/LUXEMBOURG

MILAN

BRAZIL

Source: Rio de Janeiro SE.

OSLO

SPAIN ♥

HONG KONG

† Bid. ‡ Asked. § Traded. ¶ New Stock.

NOTES: Overseas prices exclude $ premium. Belgian dividends are after withholding tax.

Robert Leigh-Pemberton (at left), Chairman, National Westminster Bank Limited, in conversation with Mr. and Mrs. Morris Serlin. Mr. Serlin is Chairman and Chief Executive of Home-Pac Ltd. and a NatWest shareholder, and both he and his wife are customers of the Bank.

"It is one of the great attributes of the clearing banks that we can harness our customers' money to increase the country's exports, exploit its new energy programmes and contribute to its industrial investment."

"My firm has had a happy relationship with NatWest for many years, basically built up through our branch manager. How do you see the manager's role continuing and developing in the future?"

"The role of the branch manager is fundamental to NatWest, indeed to the whole British banking system. All our senior people started life in High Street branches, and the standard of banking they learned there is as good as any in the world. So we would be foolish to change this system, which is the basis of the relationship between the bank and its customers."

"I'm fortunate because I bank at my husband's branch, but many customers, especially women, don't even know who their bank manager is – perhaps because they have no real need to meet him."

"I'm sure you wouldn't expect to find the manager himself behind the counter dealing with the everyday process of paying money in or drawing it out. But if you do want help on a financial matter, and you ask at the counter, they will arrange for you to see the manager – or an assistant manager in our bigger branches."

"Do you think somebody, say a small businessman, would think of asking the manager about the services you offer, or would they think that he would not know anyway?"

"I find it difficult to believe that a small businessman who has a banking relationship with us will not sooner or later say to the manager 'Well, this is my problem, is there any answer to it?' We have the full range of commercial services that the smaller businessman requires and our managers can give a complete outline of them. In fact I am referring in my annual statement to the problems of small businesses."

"With interest rates where they are at the moment, do you think we can look forward to a reasonable rate of industrial investment in the next year?"

"I hope so, but it is not really taking place yet in the country as a whole. I think businessmen are still a little lacking in confidence about the long-term prospects, and therefore reluctant to commit themselves.

"If inflation is brought further under control and wage rates are held, this will give everybody a lot more confidence, and a lot more incentive too. I personally think that this question about expansion and investment is a really fundamental one. It is, in fact, one of the great attributes of the clearing banks that we can harness our customers' money to increase the country's exports, exploit its new energy programmes and contribute to its industrial investment."

"In view of the proposal that the big banks should be nationalised, how do you see NatWest surviving and justifying its existence?"

"Well, we shall survive by the quality of the service we are able to offer. The great danger of nationalisation is that there wouldn't be the same incentive to maintain that standard of service. I hope you are as desperately anxious about it as we are. We would see it as a grievous extension of the State's ability to encroach on the personal and financial aspects of everyone's life.

"Nationalisation could also reduce foreign confidence in the integrity and skill of banking in this country, and in this country's ability to manage its economy."

"How do you answer attacks on the High Street banks as to why you have so many adjacent branches?"

"Well, I can really only speak for NatWest on this. We have been carrying out rationalisation of our branch network for some years, by closing branches where we think they are no longer necessary, and opening branches where we think it would be wise to have new ones. On the wider issue, it is right that there should be competition between the banks in any one town."

"I believe you are involved in a lot of activities outside the commercial field. Can you tell us more about these?"

"A large commercial organisation like NatWest not only has a responsibility to the country in a commercial sense, but it must also try to do something to improve the quality of life in a more general way. We are giving help to the Arts, Sport, Education, job creation schemes and so on. One scheme I'm particularly proud of is our Project Respond, through which we encourage schools to submit social and community projects for their own area. We then provide the money so that the best ones can be implemented."

"We understand, as shareholders, that there is a ceiling on the dividend. What happens to the remainder of the profit that isn't paid out in dividend and tax?"

"This money is retained in the bank to build up our reserves and to act as the foundation of our future increased operations. As customers' deposits rise so must our reserves, if we are to maintain a prudent ratio between them.

"Secondly, retained profit is used for expanding our operations, both in this country and abroad.

"We are pleased with our profit performance this year, but it is no more than is necessary to achieve these aims. To put the figures in context, our profits represent little more than 1% of the total assets used in the Group, which have risen to something over £19,000 million."

"Do you see a lot of the profits coming from overseas operations next year?"

"Yes, I do. We are now a widely diversified group, as our report to shareholders shows very clearly. We have deliberately been expanding our activities overseas, and in a wide range of services in the U.K., with the purpose of increasing profits from these sources, and the benefits are flowing through strongly."

Salient points from the Chairman's Statement to Shareholders

Banking will always be an industry dependent for its success on the people who work in it. I am sure I speak for shareholders too in expressing my own appreciation and that of the Board for the contribution members of the staff have made towards the Group's continued progress.

It is becoming more clearly recognised that the progress of small businesses has been inhibited less by lack of finance than by a tax system which discourages the growth of capital, and by the weight of new legislation which has left many small businessmen bewildered. This is not a prescription for expansion.

We have continued to improve our services to UK exporters, and 1977 saw the arrangement of a number of large ECGD-backed facilities either to exporters themselves, or direct to overseas buyers, to finance British exports.

The Wilson Committee's summary of the evidence which it has received so far indicates that, broadly speaking, the financial institutions are performing well in meeting the demands made upon them.

National Westminster Bank sees 1978 as a hopeful year, and we look forward to the prospect of making a significant contribution to an improving industrial scene, both at home and throughout the world.

Figures taken from the Group Accounts 1977

Ordinary share capital	£225 million
Reserves	£787 million
Current, deposit and other accounts	£17,603 million
Advances	£12,042 million
Group profit after allocation to staff profit-sharing	£228 million
Tax	£117 million
Retained profit	£81 million

National Westminster Bank Group

Copies of the Report and Accounts, which include the Chairman's Statement, may be obtained from the Secretary's Office, National Westminster Bank Limited, 41 Lothbury, London EC2P 2BP.

INSURANCE, PROPERTY, BONDS

Equity & Law Life Ass. Soc. Ltd.♥
Amersham Road, High Wycombe 0494 33377

Equity Fd	104.9	110.4	+0.4	—
Property Fd	102.6	107.9		—
Fixed Interest F	111.0	116.8	−0.9	—
Gtd Deposit Fd	98.0	103.1		—
Mixed Fd	105.3	110.8		—

General Portfolio Life Ins. C. Ltd.♥
60 Bartholomew Cl., Waltham Cross WX31971

Portfolio Fund		129.3		—
Portfolio Capital	41.6	43.7		—

Gresham Life Ass. Soc. Ltd.
2 Prince of Wales Rd., B'mouth 0202 767655

G.L. Cash Fund	95.4	100.4		—
G.L. Equity Fund	99.0	104.2		—
G.L. Gilt Fund	115.4	121.5		—
G.L. Intl. Fund	99.5	104.7		—
G.L. Ppty. Fund	95.4	100.4		—

Growth & Sec. Life Ass. Soc. Ltd.♥
Weir Bank, Bray-on-Thames, Berks. Tel 34284

Flexible Finance		£1,069		—
Landbank Secs.		55.43		—
Landbank Secs. Acc.	116.2	119.3		—
G & S Super Fd.		£7.9693		—

NEL Pensions Ltd.
Milton Court, Dorking, Surrey. 5911

Nelex Eq. Cap.	72.2	75.9		—
Nelex Eq. Accum.	105.1	110.6	−0.4	—
Nelex Money Cap.	61.6	64.8		—
Nelex Mon. Acc.	64.4	67.7		—
Nelex Gth Inc Acc	44.4	46.7		—
Nelex Gth Inc Cap	43.3	46.6		—

Next sub. day March 25.

For New Court Property see under Rothschild Asset Management

NPI Pensions Management Ltd.
48 Gracechurch St., EC3P 3HH 01-623 4200

Managed Fund	141.2	147.0		—

Prices March 1. Next dealing April 3

New Zealand Ins. Co. (U.K.) Ltd.♥
Maitland House, Southend SS1 2JS 0702 62955

Kiwi Key Inv. Plan	134.6	136.8		—
Small Co's Fd.	95.0	100.0		—
Technology Fd.	95.0	100.0		—
Extra Inc. Fd	93.8	98.8		—
American Fd	92.9	97.7		—
Far East Fd.	95.0	100.0		—
Gilt Edged Fd	95.0	100.0		—
Con Deposit Fd	95.1	100.1		—

FINANCIAL TIMES STOCK INDICES

	Mar. 17	Mar. 16	Mar. 15	Mar. 14	Mar. 13	Mar. 10	A year ago
Government Secs.	75.54	76.03	75.96	75.82	75.65	75.66	69.49
Fixed Interest	78.25	78.38	78.42	78.25	78.12	77.89	67.94
Industrial Ordinary	[illegible]	458.3	453.9	460.4	459.6	459.0	428.5
Gold Mines	149.6	155.5	161.1	166.3	161.5	157.8	138.5
Ord. Div. Yield	5.91	5.90	5.96	5.89	5.89	5.91	5.19
Earnings Yld % (full)*	17.38	17.36	17.52	17.31	17.32	17.37	16.33
P/E Ratio (net) (*)	[illegible]	8.08	8.00	8.10	8.10	[illegible]	8.97
Dealings marked	4,935	4,824	5,663	5,523	5,597	5,401	7,040
Equity turnover £m.	—	68.01	71.20	77.01	84.07	100.05	75.20
Equity bargains total	—	14,466	14,966	16,298	16,368	16,597	18,308

10 a.m. 461.3. 11 a.m. 458.3. Noon 457.5. 1 p.m. 457.5.
2 p.m. 457.6. 3 p.m. 457.7.
Latest Index 01-246 8026.
* Based on 52 per cent. corporation tax. † Nil = 6.02.
Basis 100 Govt. Secs. 15-10/26. Fixed Int. 1928. Ind. Ord. 1-7-35. Gold Mines 12/9/55. SE Activity July-Dec. 1942.

HIGHS AND LOWS

	1977-78 High	1977-78 Low	Since Compilation High	Since Compilation Low
Govt. Secs.	79.85 ([illegible])	60.45 (4/1)	127.4 ([illegible])	49.18 ([illegible])
Fixed Int.	81.27 (9/1/78)	60.49 (4/1)	150.4 (28/11/47)	50.53 ([illegible])
Ind. Ord.	549.2 (14/9)	357.6 (12/1)	549.2 (14/9/77)	49.4 (26/6/40)
Gold Mines	174.5 (10/10)	95.1 (1/2)	442.3 (22/5/75)	43.5 (26/10/71)

S.E. ACTIVITY

	Mar. 17	Mar. 16
—Daily		
Gilt-Edged	203.5	193.1
Industries	158.7	150.4
Speculative	44.5	48.1
Totals	112.3	109.8
5-day Average		
Gilt-Edged	193.7	185.4
Industrials	175.6	178.3
Speculative	49.4	51.7
Total	120.8	122.9

FINANCIAL TIMES STOCK INDICES

	Mar. 17	Mar. 16	Mar. 15	Mar. 14	Mar. 13	Mar. 10	A Year ago
Industrial Group	196.42	196.78	195.85	197.56	197.02	196.04	168.38
500 Shares	216.88	216.60	215.67	217.81	217.15	215.91	192.73
Div. Yield p.c.	5.74	5.74	5.77	5.74	5.76	5.75	5.63
P/E Ratio (net)	7.98	7.96	7.92	8.01	7.98	7.93	9.66
All Shares	201.77	201.45	200.80	202.65	202.12	200.81	179.19

AUTHORISED UNIT TRUSTS

OFFSHORE AND OVERSEAS FUNDS

Jardine Fleming & Co. Ltd.
46th Floor, Connaught Centre, Hong Kong

Jardine Estn. Tst.	$HK210.60		3.40
Jardine Jpn. Fd.*	$HK283.04		1.20
Jardine S.E.A.	$US11.99		2.60
Jardine Flem. Int.†	$HK8.99		—

NAV Feb. 28. *Equivalent $US61.40. Next sub. March 31

Kemp-Gee Management Jersey Ltd.
1 Charing Cross, St. Helier, Jersey 0534 73741

Kemp-Gee Capital	79.7	82.2		—
Kemp-Gee Income	64.8	66.9		8.55

Warburg Invest. Mngt. Jrsy. Ltd.
1 Charing Cross, St. Helier, Jsy. CI 0534 73741

CMF Ltd. Feb. 23	$US12.32	12.68		—
CMT Ltd. Feb. 23	£12.62	12.95		—
Metals Tst. Mar. 16	£11.48	11.76		—
TMT Mar. 9	$US9.18	9.42		—
TMT Ltd. Mar. 9	£9.28	£9.52		—

World Wide Growth Management♦
10a, Boulevard Royal, Luxembourg.

Worldwide Gth Fd	$US12.95	+0.03	—

NOTES

Prices do not include $ premium, except where indicated ♦, and are in pence unless otherwise indicated. Yields % (shown in last column) allow for all buying expenses. a Offered prices include all expenses. b To-day's prices. c Yield based on offer price. d Estimated. g To-day's opening price. h Distribution free of U.K. taxes. p Periodic premium insurance plans. s Single premium insurance. x Offered price includes all expenses except agent's commission. y Offered price includes all expenses if bought through managers. z Previous day's price. ♥ Net of tax on realised capital gains unless indicated by ϕ. ¶ Guernsey gross. ϕ Suspended. ♦ Yield before Jersey tax. † Ex-subdivision.

CORAL INDEX: Close 453-458

INSURANCE BASE RATES

† Property Growth 7½%
† Vanbrugh Guaranteed 7.12%
† Address shown under Insurance and Property Bond Table.

PLANT & MACHINERY SALES

Description	Telephone
1972 DECOIL, FLATTEN and CUT-TO-LENGTH line complete with automatic sheet stacking unit and coil reservoir. Max. capacity 1525 mm wide x 3.25 mm gauge x 15 tonne steel coil.	0902 42541/2/3 Telex 336414
8 BLOCK (400 mm) IN LINE, NONSLIP WIRE DRAWING MACHINE in excellent condition 0/200ft./min variable speed 10 hp per block (1968).	0902 42541/2/3 Telex 336414
24" DIAMETER HORIZONTAL BULL BLOCK By Farmer Norton (1972).	0902 42541/2/3 Telex 336414
ROTARY SWAGING MACHINE by Farmer Norton (1972).	0902 42541/2/3 Telex 336414
SLITTING LINE 500 mm x 3 mm x 3 ton capacity.	
TWO VARIABLE SPEED FOUR HIGH ROLLING MILLS Ex. 6.50" wide razor blade srtip production.	0902 42541/2/3 Telex 336414
MODERN USED ROLLING MILLS, wire rod and tube drawing plant—roll forming machines—slitting—flattening and cut-to-length lines—cold saws—presses—guillotines, etc.	0902 42541/2/3 Telex 336414
1974 FULLY AUTOMATED COLD SAW by Noble & Lund with batch control.	0902 42541/2/3 Telex 336414
1970 CUT-TO-LENGTH LINE max. capacity 1000 mm 2 mm x 7 tonne coil fully overhauled and in excellent condition.	0902 42541/2/3 Telex 336414
1965 TREBLE DRAFT GRAVITY WIRE DRAWING *machine by Farmer Norton 27"—29"—31"* diameter drawblocks.	0902 42541/2/3 Telex 336414
STRIP FLATTEN AND CUT-TO-LENGTH LINE by A. R. M. Max capacity 750 mm x 3 mm.	0902 42541/2/3 Telex 336414
9 BLOCK WIREDRAWING MACHINE and 1000 lb spooler—non slip cumulative type with double tiered 22" dia. x 25 hp draw blocks.	0902 42541/2/3 Telex 336414
2 15 DIE MS4 WIRE DRAWING MACHINES 5.000Ft./Min. with spoolers by Marshall Richards.	0902 42541/2/3 Telex 336414
3 CWT MASSEY FORGING HAMMER —pneumatic single blow.	0902 42541/2/3 Telex 336414
9 ROLL FLATTENING MACHINE 1.700 mm wide.	0902 42541/2/3 Telex 336414
7 ROLL FLATTENING MACHINE 965 mm wide.	0902 42541/2/3
COLES MOBILE YARD-CRANE 6-ton capacity lattice jib.	0902 42541/2/3 Telex 336414
RWF TWO STAND WIRE FLATTENING AND STRIP ROLLING LINE. 10" x 8" rolls x 75 HP per roll stand. Complete with edging rolls, turks head flaking and fixed recoiler: air gauging, etc. Variable line speed 0/750ft./min. and 0/1500 ft./min.	0902 42541/2/3 Telex 336414
NARROW STRIP STRAIGHTENING AND CUT-TO-LENGTH MACHINE (1973) by Thomson and Munroe.	0902 42541/2/3 Telex 336414
SCHULER 200 TON HIGH SPEED BLANKING PRESS. Bed 48" x 40" 200 spn. Double roll feed stroke 35 mm excellent condition.	01-928 3131 Telex 261771
TAYLOR & CHALLEN No. 6 DOUBLE ACTION DEEP DRAWING PRESS. Condition as new.	01-928 3131 Telex 261771
VICKERS 200 TON POWER PRESS. Bed 40" x 36". Stroke 8". NEW COND.	01-928 3131 Telex 261771
200 TON PRESS BRAKE 8' x ¼" by Sedgewick. Air brake, air clutch, light gauge. EXCELLENT CONDITION.	01-928 3131 Telex 261771
54" Dia. COLD SAW, NOBLE & LUND. Max. capacity 40" x 18". EXCELLENT.	01-928 3131 Telex 261771
AUTOMATED TURRET DRILL—HERBERT 6 station, 2 M.T.. Plugboard control. Co-ordinate table. New 1974. Almost new.	01-928 3131 Telex 261771
MACHINING CENTRE. Capacity 5ft. x 4ft. x 3ft. 5 Axes. continuous path 51 automatic tool changer. 5 tons main table load. Main motor 27 hp. Had less than one year's use and in almost new condition. For sale at one third of new price.	01-928 3131 Telex 261771
ACME GRIDLEY (BSA) 6 SPINDLE AUTOMATIC. 2¼" rebuilt and not used since. Will turn and index to maker's limits.	01-928 3131 Telex 261771
WICKMAN 3¼ SINGLE SPINDLE AUTOMATIC. Extensive equipment. EXCELLENT CONDITION	01-928 3131 Telex 261771
WICKMAN 2¼" 6SP AUTOMATICS 1961 and 1963. EXCELLENT CONDITION.	01-928 3131 Telex 261771
CINCINNATI CENTRELESS GRINDERS. Sizes 2 and 3. EXCELLENT.	01-928 3131 Telex 261771
4,000 TON HYDRAULIC PRESS. Upstroke Between columns 92" x 52" daylight 51". stroke 30".	01-928 3131 Telex 261771
HEENAN FROUDE DYNAMOMETER. model RFA 13. Test capability: 20.000 hp at 450 rpm. £40.000 ex works.	Tel: Burton-on-Trent 790333 Telex: 336108 (Leavlite Toxall)

WANTED

Description	Telephone
MODERN USED ROLLING MILLS, wire rod and tube drawing plant—roll forming machines—slitting—flattening and cut-to-length lines—cold saws—presses—guillotines, etc.	0902 42541/2/3 Telex 336414

WEEK'S FINANCIAL DIARY

The following is a record of the principal business and financial engagements during the week. The Board meetings are mainly for the purpose of considering dividends and official indications are not always available whether dividends concerned are interims or finals. The sub-divisions shown below are based mainly on last year's timetable.

TODAY

COMPANY MEETINGS—
Beaumont Props., Winchester House, E.C., 2.30
Leda Investment Trust, 44, Bloomsbury Square, W.C., 11
Westinghouse Brake and Signal, Connaught Rooms, W.C., 11.30

BOARD MEETINGS—
Finals:
Beaston Clark
Booker McConnell
Expanded Metal
Hepworth Ceramic
Ibstock Johnsen
Low and Bonar
Metal Closures
Montagu Boston Inv. Tst.
Pittard
Sale Tilney
Tate of Leeds
Williams and James
Willis Faber
Interims:
Chambers and Fargus
Courtney Pope
Finance and Ind. Tst.
Lawtex
London and Scottish Finance
Newman-Tonks
Pressac

DIVIDEND & INTEREST PAYMENTS—
Beaumont Props. 2.3114p
Coronet Ind. Secs. 0.45p
Econa 1.75p
Ellis and Everard 2p
Esperanza Trade and Transport 2p
Honeywell 47.5 cts.
M. and G. American and General Fund 0.3p
M. and G. Magnum Fund Inc. 2.8p
Morgan (Christopher) 1p
Penglaien 2.5p
Ransomes Sims and Jefferies 5½pcPf. 1.925pc
Tanjong Tin Dredging 2.5p
Western Canada Inv. 4p
Wintrust 1.0342p

TO-MORROW

COMPANY MEETINGS—
Alcan Aluminium, Manhattan Suite, Britannia Hotel, W., 2.30
Ashdown Invest. Trust, 120, Cheapside, E.C., 2.30
County Bank, Portman Hotel, W.C., 3
Crest Nicholson, Ashley Hotel, Walton-on-Thames, 12
Derby Trust, Portman Hotel, Portman Square, W., 12
Everards Brewery, Leicester, 11
Essex Water, Caxton Hall, S.W., 12
Glass Glover, Connaught Rooms, W.C., 12
Glasgow Stockholders, Glasgow, 11
Hill and Smith, Birmingham, 12
Imperial Group, Dorchester Hotel, W., 12
Lincroft Kilgour, 6, Belgrave Square, S.W., 12.30
Lovell (Y. J.), Portman Hotel, Portman Square, W., 3
Meggitt, Bournemouth, 12.30
Meldrum Invest. Trust, St. Mary Axe, E.C., 11.30
Saatchi and Saatchi, Ritz Hotel, W., 12
Tace, Essex Hall, Essex Street W.C., 11
White Child and Beney, Connaught Rooms, W.C. 11.30

BOARD MEETINGS—
Finals:
Bemrose
Boddingtons Breweries
First Guernsey Secs. Tst.
Morrison (Wm.) Supermarkets
Southampton, IoW and South of England Royal Mail Steam Packet
Talbex
Tomatin Dists.
Trade Indemnity
Turner (W. E.)
Watmoughs
Weir Grp.
Western Motor
Wolf Elec. Tools
Interims:
Armstrong Equipment
Canseals
Cope Allman Intnl.

DIVIDEND & INTEREST PAYMENTS—
Associated Television Corp. A Ord. 2.772p
Barking 6¾pcBds. Red. 27/9/78 3⅜pc
Basildon 10½pcBds. Red. 15/9/82 5¼pc
Boston 9½pcBds. Red. 17/9/80 4¾pc
Cleethorpes 6¾pcBds. Red. 27/9/78 3⅜pc
Darlington 6¾pcBds. Red. 27/9/78 3⅜pc
Darts Inds. 40 cts.
Epsom and Ewell 10½pcBds. Red. 15/9/82 5¼pc
Gateshead 10¼pcBds. Red. 16/9/81 5⅛pc
Greenwich 6¾pcBds. Red. 78-79 3⅜pc
Havant 10¼pcBds. Red. 16/9/80 5⅛pc
Imperial Continental Gas Association Cap. 4.08122p
Kettering 9½pcBds. Red. 17/9/80 4¾pc
Lambeth 6¾pcBds. Red. 27/9/78 3⅜pc
Lancaster 6¾pcBds. Red. 27/9/78 3⅜pc
Leeds 6¾pcBds. Red. 27/9/78 3⅜pc
Liverpool 6¾pcBds. Red. 27/9/78 3⅜pc
Luton 6¾pcBds. Red. 27/9/78 3⅜pc
Newcastle upon Tyne 10½pcB. Red. 15/9/82 5¼pc
Newport 6¾pcBds. Red. 27/9/78 3⅜pc
North Hertfordshire 6¾pcBds. Red. 27/9/78 3⅜pc
North Wolds 6¾pcBds. Red. 27/9/78 3⅜pc
Orkney Islands 10¼pcBds. Red. 16/9/81 5⅛pc
Preston 6¾pcBds. Red. 27/9/78 3⅜pc
Redbridge 8½pcBds. Red. 19/9/79 4¼pc
St. Albans 6¾pcBds. Red. 27/9/78 3⅜pc
Salford 6¾pcBds. Red. 27/9/78 3⅜pc
South Derbyshire 9½pcBds. Red. 17/9/80 4¾pc
Strathclyde 6¾pcBds. Red. 27/9/78 3⅜pc
Sutton 6¾pcBds. Red. 27/9/78 3⅜pc
Waltham Forest 6¾pcBds. Red. 27/9/78 3⅜pc
Wiltshire 6¾pcBds. Red. 27/9/78 3⅜pc

WEDNESDAY, MARCH 22

COMPANY MEETINGS—
Birmid Qualcast, Midland Hotel, Birmingham, 12
Bullough, 20, Cannon Street, E.C., 10.15
Drake and Scull, Churchill Hotel, W., 3
Broad Street, E.C., 2.30
Granada Group, Golden Square, S.W., 12.30
Hirst and Mallinson, Huddersfield, 11.30
Kenning Motor, Chesterfield, 12
Moorside Trust, 44, Bloomsbury Square, W.C. 10.30
Nottingham Manufacturing, Mansfield, 10.30
Prestige, 14-18 Holborn, E.C., 12
Scottish American Invest., Edinburgh, 11
Throgmorton Trust, 25, Milk Street, E.C., 12.30
Whatlings, Abercorn Rooms, E.C., 12

BOARD MEETINGS—
Finals:
Banro Consd. Inds.
Barton and Sons
Bowring (C. T.)
Brit. Aluminium
Chersonese (FMS) Estates
Hanger Invs.
Jones (A. A.) and Shipman
Liverpool Daily Post
Mellins
Montfort (Knitting Mills)
Rockware
Schroders
Tilling (Thomas)
Tube Invs.
Interims:
Belam
Bryant Hldgs

DIVIDEND & INTEREST PAYMENTS—
Agricultural Mtg. Corp. 14½pcDb. 22/3/79 7¼pc
Allerdale 10¼pcBds. Red. 22/3/78 £5.5517
Associated Paper Inds. 1.7817p 0.0169p (Additional Payment o/a yr. ended 1.3.78)
Beverley 10¼pcBds. Red. 22/3/78 £5.5517
Blackburn 10¼pcBds. Red. 22/3/78 £5.5517
Blaenau Gwent 10¼pcBds. Red. 22/3/78 £5.5517
Bradford 10¼pcBds. Red. 22/3/78 £5.5517
Brentwood 10¼pcBds. Red. 22/3/78 £5.5517
Bullough 2.9584p
Challenge Corp. 5 cts.
Doncaster 10¼pcBds. Red. 22/3/78 £5.5517
Easington 10¼pcBds. Red. 22/3/78 £5.5517
Electra Invest. Trust 6pcDb. 84-89 £90¼. Db. 3pc
Exchequer 9¼pc 1982 4⅝pc
Gedling 10¼pcBds. Red. 22/3/78 £5.5517
Glasgow Stockholders Trust 1.55p. 5pc Pf. 1.75pc
Greater Manchester Passenger Transport Executive 10¼pcBds. Red. 22/3/78 £5.5517
Greenbank Trust 3.1p
Grimsby 10¼pcBds. Red. 22/3/78 £5.5517
Hart 10¼pcBds. Red. 22/3/78 £5.5517
Hillards 1p
Kirklees 10¼pcBds. Red. 22/3/78 £5.5517
Kyle and Carrick 10¼pcBds Red. 22/3/78 £5.5517
Lanark 10¼pcBds. Red. 22/3/78 £5.5517
Middlesbrough 10¼pcBds. Red. 22/3/78 £5.5517
North East Fife 10¼pcBds. Red. 22/3/78 £5.5517
Radnor 10¼pcBds. Red. 22/3/78 £5.5517
Richmond upon Thames 10¼pcBds. Red. 22/3/78 £5.5517
Rushcliffe 10¼pcBds. Red. 22/3/78 £5.5517
Salford 10¼pcBds. Red. 22/3/78 £5.5517
South Wight 10¼pcBds. Red. 22/3/78 £5.5517
Stockport 10¼pcBds. Red. 22/3/78 £5.5517
Stoke-on-Trent 10¼pcBds. Red. 22/3/78 £5.5517
Surrey 10¼pcBds. Red. 22/3/78 £5.5517
Thameside 10¼pcBds. Red. 22/3/78 £5.5517
Thurrock 10¼pcBds. Red. 22/3/78 £5.5517
Tweedale 10¼pcBds. Red. 22/3/78 £5.5517
Vantage Securities 0.35p
West Dorset 10¼pcBds. Red. 22/3/78 £5.5517
West Oxfordshire 10¼pcBds. Red. 22/3/78 £5.5517
Wrekin 10¼pcBds. Red. 22/3/78 £5.5517

THURSDAY, MARCH 23

COMPANY MEETINGS—
Armour Trust, 37, Upper Grosvenor Street, S.W., 11.45
Allied Insulators, Stoke on Trent, 11.30
Cornercroft, Coventry, 12
Deundi 1-2, Laurence Pountney Hill, E.C., 12
Pride and Clark, Winchester House, 3
Romney Trust, 21, Moorfields, E.C., 2.45
Scottish Agricultural Ind., Edinburgh, 12
Spencer Clarke, Sheffield, 12

BOARD MEETINGS—
Finals:
Brown and Jackson
Coates Bros.
Friedland Doggart
Jamesons Chocolates
Mackay (Hugh)
Philips' Lamps
Williams and James Eng.
Interims:
Howden Grp.
Ingall Inds.
Macallan-Glenlivet
Utd. City Merchants

DIVIDEND & INTEREST PAYMENTS—
Bradbury Wilkinson 8pcPtg.Pf. (Free of income tax) 4pc
Cardinal Invest. Trust Dfd. Ord. 2.4p
Chapman (Balham) Db. 4¼pc
Cleveland 11½pcBds. Red. 21/3/79 5¾pc
Clydebank 11½pcBds. Red. 21/3/79 5¾pc
Commercial Bank of Australia Ord. (Lon. Reg.) 8 cts. Pf. (4pc) (Lon. Reg.) 40 cts.
Dunford and Elliott Dbs. 2½ 3¼ 4¼ 4½ 5 and 6¼pc
Essex Water 3.5pc (fmly. 5pc) Cons. Ord. 1.75pc 3.5pc (fmly. 5pc) New Ord. 1.75pc
Great Northern Invest. Trust Ord. Units 3.72p
Green Group (3.3.78) Temp. Susp. 3pc
Halton 12¼pcBds Red. 19/3/80 6⅛pc
Hanson Trust Ln. 3¼pc
Hereford 11½pcBds. Red. 21/3/79 5¾pc
Hill and Smith 1.44p
Inter European Prop. Db. 8pc
Scottish American Invs. 1.7p
Serck Db. 5¼pc
South Yorkshire 11½pcBds. Red 21/3/79 5¾pc
Stanhope and General Inc 6½pcPf. 2.275pc
Sterling Credit 0.7372p
Throgmorton Trust 2.375p
Vereeniging Refractories 21 cts.
Wades Departmental Stores Ord. and A 0.7p
Wagon Ind. 3p
Yeovil 11pcBds. Red. 20/9/78 5½pc

FRIDAY, MARCH 24

DIVIDEND & INTEREST PAYMENTS—
Agricultural Mtg. Corp. 13¼pcDb. 22/9/78 6⅝pc
Chesebrough Ponds 23.5 cts.
Goodrich (B. F.) 33 cts.
Pfizer Inc. 27 cts.
SGB Ln. 4¼pc
Selukwe Gold Mining and Finance 0.545p
Sidlaw Invs. Ln. 3¼pc

SATURDAY, MARCH 25

DIVIDEND & INTEREST PAYMENTS—
Armitage Shanks Ln. 5pc
Associated British Foods Lns. 2¾ and 3¼pc
Centrovincial Estates Ln. 3½pc
Charlwood Alliance Ln. 3¼pc
Manchester 3pc Red. Cons. 1928 1½pc
Manchester Mtg. Corp. 7½pc Gtd. Red. 1979 3¾pc
Martin The Newsagent Ln. 4¼pc
Mid-Sussex Water 3.5pc (fmly. 5pc) Red. Pf. 85-87 1.75pc. 3.5pc (fmly. 5pc) Red. Pf. 78-79 1.75p. 3.325pc (fmly. 4¾pc) Irr. Pf. 1.6625pc
Renold Db. 4pc
Russell's Gravesend Brew. 6pcPf. 2.1pc
Tendring Hundred Waterworks Dbs. 2¼ and 2¾pc
Trafalgar House Lns. 4 and 4¾pc
Tyssefaldene Hydro-Electric Power Mtg. Ln. 3pc

SUNDAY, MARCH 26

DIVIDEND & INTEREST PAYMENTS—
Agricultural Mtg. Corp 14¼pcDb. 1984 7⅛pc
British Electricity 4¼pc Gtd. 74-79 2⅛pc
Exchequer Ln. 5pc 76-78 2½pc

FT SHARE INFORMATION SERVICE

**BRITISH FUNDS

"Shorts" (Lives up to Five Years)

Interest Due		Stock	Price £	Last xd	Yield Int.	Yield Red.
14J	14Ju	Treasury 10½pc '78‡‡	101½	8.12	10.34	5.72
26M	26S	Exch. 5pc '76-78‡‡	99½xd	17.2	5.02	5.95
9M	9S	Treasury 11½pc '79‡‡	104¼	31.1	11.03	6.88
17M	17S	Treasury 3pc '79‡‡	96⅞xd	8.2	3.10	5.19
26M	26S	Electric 4¼pc '74-79	97⅝xd	17.2	4.35	5.90
1M	1N	Treasury 10½pc '79‡‡	103½	25.9	10.10	7.84
15M	15N	Electric 3½pc '76-79	96½	10.10	3.63	5.73
3M	3S	Treasury 9pc 1980‡‡	101⅝	25.1	8.83	7.90
14M	14N	Treasury 9½pc '80‡‡	101½	10.10	9.32	8.49
15J	15D	Treasury 3½pc '77-80	94½	8.11	3.70	6.07
15J	15D	Funding 5¼pc '78-80‡‡	96⅛	5.11	5.46	7.14
25M	25N	Exchequer 13pc 1980‡‡	108⅝	19.10	11.95	9.20
15J	15Ja	Treasury 11½pc 1981‡‡	105⅛	9.12	10.39	9.17
15F	15A	Treasury 3½pc 1979-81	91⅛	9.1	3.84	6.92
1A	1O	Treasury 9¾pc 1981‡‡	101⅝xd	23.2	9.59	9.13
12J	12D	Exch. 8¼pc 1981	97⅝xd	—	8.47	9.27
4F	4A	Exch. 9¾pc 1981	100⅝	29.12	9.44	9.28
21F	21A	Exch. 3pc 1981	87⅝	16.1	3.42	7.10
17M	17N	Treas. Variable '81‡‡	96¼	11.10	6.63	7.44
23M	23N	Exch. 12¾pc 1981‡‡	109⅝	17.10	11.63	9.57
15J	15Ja	Treas. 8½pc '80-82‡‡	97½	9.12	8.66	9.14
15F	15A	Treasury 3pc '82‡‡	86⅛	9.1	3.48	7.06
16M	16S	Treasury 14pc '82‡‡	114¼xd	7.2	12.27	9.62
15J	15D	Treas. Variable '82‡‡	95½	8.11	6.68	7.54
5J	5Ju	Treasury 8¼pc '82	95½	11.2	8.60	9.42
22M	22S	Exch. 9¼pc 1982	99xd	13.2	9.34	9.52
5Ju	5J	Exch. 8¼pc 1983●	96½	—	9.05	9.61
21F21A		Exch 3pc '83	83⅜	16.1	3.60	7.07
17M	17S	Treasury 12pc 1983‡‡	109¼xd	8.2	10.99	9.64

Five to Fifteen Years

Interest Due		Stock	Price £	Last xd	Yield Int.	Yield Red.
18J	18Ju	Treasury 9½pc '83	99¾	12.12	9.42	9.69
15J	15Ja	Funding 5½pc '82-84‡‡	88	9.12	6.32	8.35
10J	10Ju	Treasury 8½pc '84-86‡‡	95¼	5.12	9.08	9.63
1M	1N	Funding 6½pc '85-87‡‡	85⅞	26.9	7.79	9.23
26J	26Ja	Treasury 7¾pc '85-88‡‡	87¼	20.12	9.00	9.99
1J	1Ju	Transport 3pc '78-88	66½	25.11	4.58	7.98
15A	15O	Treasury 5pc '86-89	70xd	9.3	7.11	9.22
15J	15Ja	Treasury 13pc 1990‡‡	112⅜	9.12	11.81	11.41
15J	15D	Treasury 8¼pc '87-90‡‡	86⅞	8.11	9.74	10.49
10J	10Ja	Treasury 11¾pc 1991	103⅝	5.12	11.59	11.52
5A	5O	Funding 5¾pc '87-91‡‡	69⅝xd	1.3	8.23	9.92
22J	22Ja	Treasury 12¾pc '92‡‡	109¼	16.12	11.89	11.67
21F	21A	Treasury 10pc 1992	91¼	16.1	11.05	11.37
25F	25A	Exch. 12¼pc '92	104⅝	19.1	11.80	11.69

Over Fifteen Years

Interest Due		Stock	Price £	Last xd	Yield Int.	Yield Red.
14J	14Ju	Treasury 12½pc '93‡‡	107⅝	8.12	11.86	11.73
15M	15S	Funding 6pc 1993‡‡	67	6.2	8.97	10.32
23M	23N	Treasury 13¾pc 1993‡‡	117⅝	17.10	12.14	11.86
1M	1S	Treasury 14½pc '94‡‡	119	23.1	12.26	11.91
22F	22A	Exch. 12½pc 1994	106	16.1	11.89	11.79
17M	17N	Treasury 9pc '94‡‡	87¼	11.10	10.67	11.07
25Ju	25Ja	Treasury 12pc '95	104	19.12	11.74	11.69
1M	1N	Gas 3pc '90-95	50	26.9	6.14	8.86
21Ja	21J	Exch. 10¼pc 1995●	91¼	—	11.37	11.58
15M	15N	Treasury 12¾pc '95‡‡	111½	10.10	11.91	11.79
15M	15S	Treasury 9pc '92-96‡‡	83⅝	6.3	10.78	11.14
3M	3N	Treasury 15¼pc '96‡‡	129⅛	27.9	12.36	12.04
15M	15N	Exchequer 13¼pc '96‡‡	115	10.10	11.59	11.83
1A	1O	Redemption 3pc 1986-96	47⅛xd	23.2	6.32	8.83
22J	22Ja	Treasury 13¼pc '97‡‡	112⅝	16.12	11.98	11.83
21F	21A	Exchequer 10½pc 1997	92⅝	16.1	11.43	11.56
1M	1S	Treasury 8¾pc 1997‡‡	81⅛	23.1	10.81	11.17
1M	1N	Treasury 6¾pc '95-98‡‡	69⅜	26.9	10.10	10.84
30M	30S	Treas. 15½pc '98‡‡	125⅞xd	21.2	12.27	12.02
15J	15Ja	Treasury 9½pc 1999‡‡	87⅜	9.12	11.02	11.21
19M	19N	Treasury 10½pc 1999	93⅛	—	11.46	11.55
14J	14Ju	Funding 3½pc '99-04	40¾	8.12	8.72	9.97
5A	5O	Treasury 8pc '02-06‡‡	74¼xd	1.3	10.72	10.91
10M	10S	Treasury 5½pc '08-12‡‡	53¼	1.3	10.35	10.62
26J	26Ja	Treasury 7¾pc '12-15‡‡	73⅛	20.12	10.73	10.81

Undated

Interest Due		Stock	Price £	Last xd	Yield Int.	Yield Red.
1F	1A	Consols 4pc	35⅜	28.12	11.39	—
1J	1D	War Loan 3½pc‡‡	36⅝	25.10	9.84	—
1A	1O	Conv. 3½pc '61 Aft.	37⅛xd	23.2	9.40	—
5A	5O	Treasury 3pc '66 Aft.	25⅝xd	1.3	11.53	—
5Ja.A.Ju.O.		Consols 2½pc	22⅜xd	1.3	11.12	—
1A	1O	Treasury 2½pc	21⅝xd	23.2	11.51	—

**INTERNATIONAL BANK

Interest Due		Stock	Price £	Last xd	Yield Int.	Yield Red.
15F	15A	5pc Stock '77-82	85	6.1	5.88	9.19

**CORPORATION LOANS

Interest Due		Stock	Price £	Last xd	Yield Int.	Yield Red.
1F.	1A.	Birm'ham 9¾pc '79-81	98½	3.1	9.39	9.75
1My	1N	Bristol 7¾pc '79-81	92¾	14.10	8.35	10.17
25M	25N	G.L.C. 12½pc '82	107	25.10	11.68	10.39
10F	10Aug.	Do. 12½pc 1983	108	10.1	11.69	10.78
15My	11N	Glasgow 9¼ '80-82	97¾	19.10	9.42	9.53
22M	22N	Herts. 5½pc '78-80	93	24.10	5.64	8.82
1Ap	1Oct	Liverpool 5¾pc '76-78	99½	1.3	5.78	6.65
15M	15N	Do 9¾pc '80-84	99½	17.10	10.11	10.37
1J.A.J.O		Do 3½pc Irred.	27½xd	1.3	12.94	—
10F	10A	Lon. Corp. 6½pc '75-78	99⅞	10.1	6.51	6.81
1A.	1O	Do. 9½pc '84-85	94xd	1.3	9.79	10.32
28F	28Aug	L.C.C. 6pc '76-79	97¼	30.1	6.17	8.04
15M	15S	Do 5½pc '77-81	90½xd	15.2	6.08	8.68
15J	15J	Do 5½pc '82-84	82	15.12	6.78	9.53
11J	11D	Do 5½pc '85-87	74½	11.11	7.53	10.02
10J	10J	Do 6¾pc '88-90	75	12.12	9.14	10.50
1M.J.S.D		Do 3pc '20 Aft.	25¼	1.3	11.86	—
15M	15S	Middx. 5¼pc 1980	93¼xd	15.2	5.60	8.68
10Mr.	10S	Newcastle 9¾pc '78-80.	99½xd	10.2	9.29	9.45
15M	15N	Warwick 12½% 1980	106½	14.10	11.73	9.64

COMMONWEALTH & AFRICAN LOANS

Interest Due		Stock	Price £	Last xd	Yield Int.	Yield Red.
1A	1O	**Aust. 5½pc '75-78	99xd	23.2	5.54	6.84
1J	1J	**Do 5½pc '77-80	95¾	30.11	5.81	8.74
1A	1O	**Do. 5½pc '81-82	85xd	23.2	6.45	9.95
11J	11D	**N.Z. 4pc 1976-78	98⅛	11.11	4.11	7.70
28F	28A	**Do 6pc '76-80	94¾	30.1	6.33	9.43
15J	15D	**Do 7½pc '83-86	87½	15.11	8.75	10.09
1M	1N	Sth. Africa 9½pc '79-81	94	27.9	10.49	12.81
1A	1O	Sth. Rhod. 2½pc '65-70	60	3.66	—	—
15J	15J	Do 6pc '78-81	94	12.65	—	—

LOANS

Public Board and Ind.

Interest Due		Stock	Price £	Last xd	Yield Int.	Yield Red.
1J	1J	Agric. Mt. 5pc '59-89	62	1.12	8.19	11.15
30J	31D	Alcan 10½pc '89-94	90	14.11	12.40	12.50
1M	1S	**Met. Wtr. 3pc 'B'	32xd	1.2	9.32	10.95
30J	31D	U.S.M.C. 9pc 1982	113	14.11	8.18	6.20
30J	31D	Do. without Warrants	94½	31.12	9.85	11.50
30A	31O	Ultramar 7pc '78-78	100	3.10	7.23	12.20

Financial

Interest Due		Stock	Price £	Last xd	Yield Int.	Yield Red.
30J	30J	**FFI 13pc '81	106¾	30.12	12.18	10.21
15M	15N	Do 14pc '79	110	17.10	13.49	11.20
20J	20D	Do 14pc '84	114¼	21.11	12.60	11.31
31 Mr	30 S	ICFC 5½pc Deb '80-82	83xd	13.2	6.63	10.30
31My	30N	Do 6¾pc Db. '81-84	79½	31.10	8.09	11.20
11J	11J	Do 10¾pc Uns Ln '86	99	3.1	10.85	11.10
11J	11J	Do 11pc Uns Ln '88	99	3.1	11.55	11.50
11J	11J	Do 11¾pc Uns.Ln. '90	101½	3.1	11.67	11.90
30 Je	31 D	Do 7¼pc ADeb '89-92	69¾	14.11	10.76	12.00
31Mr	30S	Do. 7¼pc A Db '91-94	67¼xd	15.2	10.78	12.03
31Mr30S		Do 9pc 'A' '91-94	79½xd	13.2	11.32	11.93
28F	31A	Do 8½pc Ln '92-97	76½	16.1	11.78	12.30

FOREIGN BONDS & RAILS

Interest Due		Stock	Price £	Last xd	Div % Gross	Red. Yield
—		Antofagasta Rly	19	8.71	—	—
1J	1J	Do. 5pc Pref	35	28.11	B—	—
1J	1J	Chilean Mixed	98	3.1	3	13.08
1J	1D	German Yng. 4½pc	370	1.12	4½	—
1M	1N	Greek 7pc Ass.	48	1.11	3½	17.51
1F	1A	Do 6pc 28 Stab. Ass.	48xd	1.2	6	16.25
1A	1O	Do 4pc Mixed Ass.	40	3.10	4	15.00
May 1		Hung. '24 Ass.	43	2.5	4½	6.43
30J	31D	Iceland 6½pc '83-88	70	28.11	—	11.80
10J	10J	Ireland 7¼pc '81-83	87¾	12.12	8.67	10.91
1M	1S	Do 9¾pc '91-96	84½xd	15.2	11.58	11.87
1J	1D	Japan 4pc '10 Ass.	335	1.12	—	—
30J	31D	Do 6pc '83-88	86½	3.1	6	8.05
1A	1O	Peru Ass. 3pc	150	3.10	3	2.03
30J	31D	S.G.I. 6½pc 1980	75	3.1	6½	8.67
May 1		Turin 9pc 1991	$96½	2.5	9	9.33
15A	15O	Turin 6½pc 1984	DM81	17.10	6½	11.25
1F.M.A.N.		Uruguay 3½pc	94xd	1.2	3½	3.80

U.S. $ & DM prices exclude inv. $ premium

AMERICANS

Dividends Paid	Stock	£	Last xd	Div. Gross	Cvr	Yld Gr's
Apr. Oct.	ASA	15⅞	10.11	80c	—	2.8
September	AMF 5% Conv. '81	60½	15.9	5%	—	f
Ma.Ju.Se.De.	Amax $1	25⅞	7.2	$1.75	—	3.8
J.A.J.A.	American Express.	24⅛	30.12	$1.40	—	3.3
April	Amer. Medic. Int.	14⅞	2.2	30c	—	1.2
December	Asarco Inc.	12½xd	1.2	40c	—	1.8
No.Fe.Ma.Au.	Baker Intnl. Corp. $1	33¾xd	31.1	64c	—	1.1
Mr.Ju.S.D.	Barnes Grp. $6⅔	13¼xd	23.2	90c	—	3.8
D.Mr.Ju.SP.	Bendix Corp. $5	25xd	6.3	$2.28	—	5.1
M.Je.S.D.	Beth Steel $8	15¼xd	6.2	$1.00	—	3.7
Ja.Ap.Jy.O.	Brown'g Fer. c16⅔	861pxd	16.3	40c	—	2.6
F.My.Au.N.	Brunswick Corpn.$	11	20.1	70c	—	3.6
Ap.Jy.O.Ja.	Burroughs Corp. $5	45½	29.12	$1.00	—	1.2
Mr.Ju.Se.Dc	CBS $2.50	34½	27.1	$2.40	—	4.0
J.Ap.Jy.O.	C.P.C. $⅓	33⅛	29.12	$2.50	—	4.2
F.Mr.Au.N.	Caterpillar$	34⅞	17.1	$1.80	—	2.9
F.My.Au.N.	Chase M'htn $12.5	21⅛xd	26.1	$2.20	—	5.8
Mr.Je.S.D.	Chesebrough $1	16½xd	28.2	94c	—	3.2
Mr.Jn.S.D.	Chrysler $6¼	898pxd	6.2	$1.00	—	6.3
My.Au.N.F.	Citicorp $4	14⅛	28.12	$1.06	—	4.2
My.Au.N.F.	City Inv. $1.25	991p	30.12	$1.00	—	5.7
My.Au.N.F.	Do. Cm. Prf. B $1	18¼	30.12	$2	—	6.1
F.My.Au.N.	Colgate-P. $1	15	19.1	$1.00	—	3.8
Ma.Ju.Se.De.	Colt Inds $1	33xd	13.3	$2.75	—	3.1
Mr.A.N.Fb.	Cont. Illinois $10	18	28.12	$1.32	—	4.2
Mr.Je.S.D.	Cont. Oil $5	20⅞	6.3	$1.40	—	3.8
Ap.Jy.O.Ja.	Crown Zell. $5	23½xd	2.3	$1.90	—	4.7
M.Jn.S.D.	Cutler-Hammer $5.	25⅞xd	23.2	$1.40	—	3.1
F.M.A.N.	Eaton Crp. $0.50	25¼	2.2	$2.25	—	5.0
J.A. J.O	Esmark	20xd	6.3	$1.84	—	5.2
Mr.Ju.S.D.	Exxon $	33⅛	5.11	$3.20	—	5.4
J.Ap.Jy.O.	Firestone Tire $	991p	3.1	$1.10	—	1.6
Ap.Jy.O.Ja.	First Chicago	12⅞xd	6.3	96c	—	4.2

AMERICANS—Continued

S.E. List Premium 41% (based on $US1.9065 per £)

Conversion factor 0.7095 (0.7017)

CANADIANS

S.E. List Premium 41% (based on $2.1480 per £)

BANKS AND HIRE PURCHASE

Hire Purchase, etc.

BEERS, WINES AND SPIRITS

BUILDING INDUSTRY, TIMBER AND ROADS

BUILDING INDUSTRY—Cont.

CHEMICALS, PLASTICS

CINEMAS, THEATRES AND TV

DRAPERY AND STORES

DRAPERY AND STORES—Cont.

ELECTRICAL AND RADIO

ENGINEERING MACHINE TOOLS

ENGINEERING—Continued

FOOD, GROCERIES, ETC.

HOTELS AND CATERERS

HOTELS—Continued

INDUSTRIALS (Miscel.)

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INDUSTRIALS—Continued

INSURANCE—Continued

PROPERTY—Continued

INV. TRUSTS—Continued

FINANCE, LAND—Continued

MOTORS, AIRCRAFT TRADES

Motors and Cycles

Commercial Vehicles

Components

Garages and Distributors

NEWSPAPERS, PUBLISHERS

PAPER, PRINTING ADVERTISING

PROPERTY

SHIPBUILDERS, REPAIRERS

SHIPPING

SHOES AND LEATHER

SOUTH AFRICANS

TEXTILES

TOBACCOS

TRUSTS, FINANCE, LAND

Investment Trusts

Finance, Land, etc.

OILS

OVERSEAS TRADERS

RUBBERS AND SISALS

TEAS

India and Bangladesh

Sri Lanka

Africa

MINES

CENTRAL RAND

EASTERN RAND

FAR WEST RAND

O.F.S.

FINANCE

DIAMOND AND PLATINUM

INSURANCE

MINES—Continued

CENTRAL AFRICAN

AUSTRALIAN

TINS

COPPER

MISCELLANEOUS

Dividends Paid	Stock	Price	Last xd	Div Net	Cvr	Y'ld Gr's
—	Burma Mines 17½p.	9	575	—	—	—
Aug. Feb.	Cons. Murch. 10c.	220	3.1	Q30c	ϕ	8.1
—	Northgate C$1	255	3.75	—	—	—
Jan. June	R.T.Z.	179	31.10	18.5	q2.1	7.2
—	Sabina Inds. C$1	32	—	—	—	—
—	Tara Expln. $1	755	—	—	—	—
Nov. July	Tehidy Minerals 10p	45	17.10	1.21	2.5	4.1
October	Yukon Cons. C$1	141	15.9	Q7c	ϕ	2.4

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on the basis of net distribution; bracketed figures indicate 10 per cent. or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution. Yields are based on middle prices, are gross, adjusted to ACT of 34 per cent. and allow for value of declared distributions and rights. Securities with denominations other than sterling are quoted inclusive of the investment dollar premium.

- Sterling denominated securities which include investment dollar premium.
- "Tap" Stock.
- Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- ϕ Figures or report awaited.
- †† Unlisted security.
- Price at time of suspension.
- ¶ Indicated dividend after pending scrip and or rights issue: cover relates to previous dividend or forecast.
- Free of Stamp Duty.
- Merger bid or reorganisation in progress.
- Not comparable.
- Same interim: reduced final and/or reduced earnings indicated.
- Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ★ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- Excluding a final dividend declaration.
- Regional price.
- ‖ No par value.

a Tax free. b Figures based on prospectus or other official estimate. c Cents. d Dividend rate paid or payable on part of capital; cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. r Australian currency. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Tax free up to 30p in the £. w Yield allows for currency clause. y Dividend and yield based on merger terms. z Dividend and yield include a special payment. Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. D Cover and P/E ratio exclude profits of U.K. aerospace subsidiaries. E Issue price. F Dividend and yield based on prospectus or other official estimates for 1977-78. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1976-77. K Figures based on prospectus or other official estimates for 1978. M Dividend and yield based on prospectus or other official estimates for 1978. N Dividend and yield based on prospectus or other official estimates for 1979. P Dividend and yield based on prospectus or other official estimates for 1977. Q Gross. T Figures assumed. U No significant Corporation Tax payable. Z Dividend total to date. ¶¶ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xd ex capital distribution.

"Recent Issues" and "Rights" Page 35

REGIONAL MARKETS

The following is a selection of London quotations of shares previously listed only in regional markets. Prices of Irish issues, most of which are not officially listed in London, are as quoted on the Irish exchange.

Albany Inv. 20p	23	......	Sheff. Refrshmt.	51	......
Ash Spinning	43	......	Shiloh Spinn.	22	......
Bertam	14	......	Sindall (Wm.)	83	......
Bdg'wtr Est. 50p	285	......			
Clover Croft	22	......	IRISH		
Craig & Rose £1	400	......			
Dyson (R. A.) A.	41	......	Conv. 9% '80/82.	£96¼	......
Ellis & McHdy.	68	......	Alliance Gas	70	......
Evans Fr'k. 10p.	57	......	Arnott	280	......
Evered	15¼	......	Carroll (P.J.)	92	......
Fife Forge	47	......	Clondalkin	86	......
Finlay Pkg. 5p	19	......	Concrete Prods.	123	......
Graig Ship. £1	150	......	Heiton (Hldgs.)	49	......
Higsons Brew.	82	......	Ins. Corp.	180	......
I.O.M. Stm. £1	142	......	Irish Ropes	133	......
Holt (Jos.) 25p.	250	......	Jacob	55	......
N'thn. Goldsmith	56	......	Sunbeam	30	......
Pearce (C. H.)	129	......	T.M.G.	190	......
Peel Mills	17	......	Unidare	72	......
Sheffield Brick	46	......			

OPTIONS
3-month Call Rates

Industrials		I.C.I.	23	Tube Invest.	30
A. Brew	6½	"Imps"	7	Unilever	40
A.P. Cement	18	I.C.L.	20	Utd. Drapery	7½
B.S.R.	9	Inveresk	7	Vickers	15
Babcock	10	KCA	5	Woolworths	6
Barclays Bank	25	Ladbroke	17		
Beecham	32	Legal & Gen.	14	**Property**	
Boots Drug	15	Lex Service	7	Brit. Land	3¾
Bowaters	16	Lloyds Bank	22	Cap. Counties	5
B.A.T.	24	"Lots"	5	E.P.	5
British Oxygen	6	London Brick	5	Intereuropean	4
Brown (J.)	20	Lonrho	7	Land Secs.	18
Burton 'A'	13	Lucas Inds.	25	MEPC	12½
Cadburys	5	Lyons (J.)	13	Peachey	10
Courtaulds	10	"Mams"	7	Samuel Props.	10
Debenhams	10	Mrks. & Spncr	11	Town & City	2
Distillers	13	Midland Bank	25		
Dunlop	8½	N.E.I.	20	**Oils**	
Eagle Star	11	Nat. West. Bank	22	Brit. Petroleum	35
E.M.I.	18	Do. Warrants	10	Burmah Oil	7
Gen. Accident	17	P & O Dfd.	10	Charterhall	3½
Gen. Electric	18	Plessey	9	Shell	28
Glaxo	40	R.H.M.	5	Ultramar	22
Grand Met.	9	Rank Org. 'A'	18		
G.U.S. 'A'	18	Reed Intl.	14	**Mines**	
Guardian	18	Spillers	4	Charter Cons.	12
G.K.N.	22	Tesco	4	Cons. Gold	20
Hawker Sidd.	20	Thorn	22	Rio T. Zinc	16
House of Fraser	12	Trust Houses	15		

FINANCIAL TIMES

Monday March 20 1978

BATTLE GOES ON TO CURB OIL SLICK THREAT TO BEACHES

Tanker: Dispute flares over blame

EFFORTS TO control the oil slick from the grounded tanker Amoco-Cadiz continued to-day as controversy grew over how the *accident happened.*

The $12m. (£6.3m.) ship broke up on rocks three miles off Brest on the Brittany coast in the early hours of Friday morning. It is estimated that about 70,000 tonnes of the light crude oil it was carrying to an English port were spilled.

The slick threatens about 40 *miles of the Brittany coastline* from La Vierge lighthouse in the north down to Pointe St. Mathieu. It averages about six miles across.

A change in the wind direction and generally worsening weather conditions have tended to drive the slick to the north-east and it is breaking up.

An eight-man team from the ship's owners, Amoco International, has flown from Chicago to investigate the damage and look at ways of improving the *clean-up operation and preventing the spillage of the oil remaining in the ship, which is estimated at 140,000 tonnes.*

The team is led by Mr. Harry Rinkema, vice-president, marine transportation, of Amoco International. He understood there were differences in accounts of how the tanker went aground.

These differences concern the time-scale of events on Thursday from the moment the steering gear failed at 9.40 a.m. to the time when the tanker went aground at 9 p.m.

Mr. Rinkema believed a discussion had taken place between the captain of the tanker and the captain of the tug Pacific, which went out to help the rudderless vessel when it put out its call for towing assistance.

The tug, which belongs to the German company Bugsier, Reederei and Bergungs, had a line to the Amoco-Cadiz for three hours before it snapped, and then failed to get another line *to the ship.*

The captain of the tanker and *the captain of the tug are in* police custody while a judicial investigation to establish the sequence of events is under way.

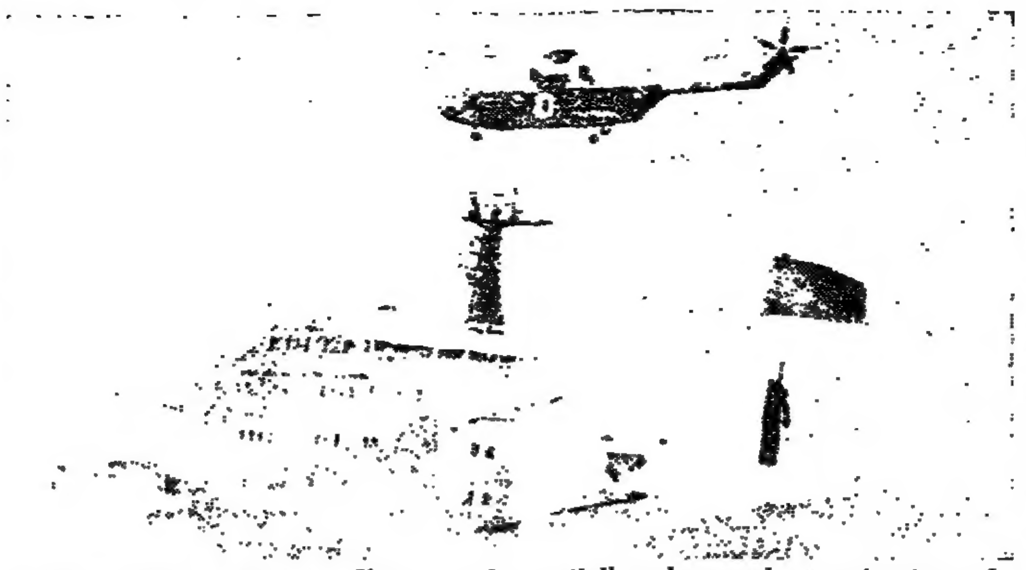
Mr. Rinkema said: "I don't have any reason to suppose there was a quarrel over money. I believe there was a discussion over the types of contract."

There is also a difference of opinion between the tanker captain and the French maritime *authorities over when, if at all,* a distress call went out before the ship went aground.

Commandant Francois Cillot navy Press officer, said that a *distress call was not made until* after the tanker had gone aground. First indication of the seriousness of the accident had come when distress rockets were fired.

Captain Leslie Maynard, who *was a safety officer visiting the* ship at the time of the accident, said authorities had been kept informed at every stage. Initially, there had been no point in putting out a mayday signal because a steering failure of that *kind was not a serious problem,* in spite of the stormy weather.

The French navy has six vessels spraying detergents and dispersants in deep water and



A French Navy helicopter flies over the partially submerged superstructure of the Amoco Cadiz.

it is using polystyrene pellets to soak up oil nearer land. Four more vessels have been called in from Cherbourg and the British Navy has offered assistance and is standing by.

Two inflatable rubber barriers *have been placed across narrow* inlets to the north, but naval authorities have said it would be impossible to protect the Bay of Brest in the same way. The *faster flow of the current would* drive the oil underneath.

*Amoco has flown in six hy*draulic pumps from the U.S., which the company hopes to use *in pumping the remaining oil out* of the ship.

It is believed that three of the tanker's 15 compartments were punctured when the ship split in two and the others are intact. Lightening the load could *prevent a further disaster.*

Ian Hargreaves, Shipping Correspondent, writes: The incident comes only a month after the international maritime community's *latest attempt to control* pollution of the seas by regulation.

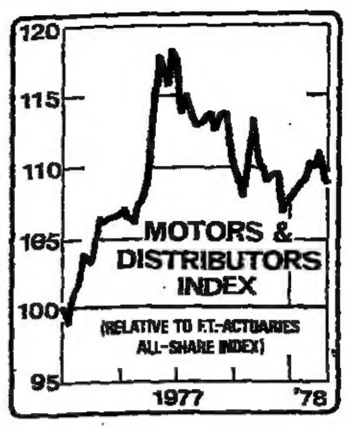
One of the many points agreed by last month's tanker safety *and pollution prevention con*ference of a UN agency was a requirement for all tankers over 10,000 dwt to carry a pair of independent steering systems, *each operable from the bridge.*

Although the Amoco-Cadiz *steering had twin pumps and* twin motors, she was reliant on a single hydraulic transmission line and it was this which failed, putting her in serious difficulties *in a heavy sea. On the face of it,* such an arrangement will be outlawed when the UN requirement comes into force, probably in 1981.

THE LEX COLUMN

NatWest's sky high spending plans

National Westminster Bank has departed from tradition and become the first clearing bank *to liven up its annual report* with a few glossy photographs. But *what really catches the eye* about the balance sheet is the continued very heavy investment in fixed assets and the fact that less than two years after its last rights issue the bank's capital ratios, despite a *fractional improvement last year* in absolute terms, are now the lowest of the "Big Four."



Over the last three years NatWest *has invested* £248m. in new premises and equipment and with outstanding capital commitments of £182m. at the end of 1977 its ambitious spending plans show *little sign of* tailing off as yet. Since the group's retained profits over the period only amounted to £182m., *the wisdom of maintaining such* a high level of capital spending is arguable, especially since the bank actually retained less profit last year than it did in 1973.

Clearly, NatWest's big investment in projects *such as the* Bishopsgate Tower and the re*building of Coutts' offices on the* Strand is straining the group's financial resources and at the moment, at least, is inhibiting its growth. Back in 1973, for example, NatWest was slightly larger than Barclays in terms of deposits and made an extra £15m. per annum in pre-tax profits. By contrast, *last year* Barclays' profits were £40m. *above those of NatWest* and deposits were £1.7bn. higher. *Moreover,* Barclays has not had a rights issue.

By pouring large sums of money into bricks and mortar NatWest has put pressure on its capital ratios. Its free capital ratio stands at 2.5 per cent., against an average 3.5 at the other three clearing banks, after taking into account Midland's rights issue, and free equity ratio of 1.6 per cent. compares with an average 1.9 per cent. for the other three.

Although 45 per cent. of the group's property (including sites being re-developed) is included in the books at cost shareholders are given no indication of how much these assets might really be worth.

Motor components

Few sectors suffered more from last year's rapid downgrading of profit expectations than motor components, with the FT-Actuaries Motors and Distributors Index turning down into clear relative decline in the second half of 1977. After a bumper 1976, when rising output and unusually smooth production runs led to large profits rises throughout the components sector, more recent history *has been quite different.* Birmingham brokers Albert E. Sharp's *latest sector review* includes estimates that 1977 or *1977-78 pre-tax profits* of the five largest components makers will show an average fall of some 5 per cent.

That average is dominated by an anticipated setback at Dunlop from £69.1m. to £52.5m., incorporating a second half contribution of little more than *half that of July-December 1976.* A slight decline from £77.3m. to *£74m. is also forecast for the* other giant of the sector, Joseph Lucas, although Sharp appear a little more optimistic than their Birmingham rivals Smith Keen Cutler, who upset the Lucas market recently.

However, these various recent difficulties, largely deriving from disrupted labour relations, have now been recognised in the performance of share prices, and the question now is whether *1978 can bring a better industry* performance. As far as Sharp is concerned, the answer is yes, and the brokers pick out Associated Engineering and Lucas for medium term growth, and Birmid Qualcast for income (currently 11.3 per cent.).

The case is founded upon a projected 9 per cent. rise in U.K. car production to 1.45m. units, a firm demand for replacement components (except *in a tyre market badly hit by* cheap imports) and a more *settled* labour scene. Against this, commercial vehicle and tractor production are being held back by the weakness of exports.

Sharp's optimism about labour relations, however, seems a little vaguely based. In the first two months of 1978 strikes at Speke and Halewood have *actually left car production* 2 per cent. lower. It is true that 1978 would have to be very bad to rival 1977 for strike losses, but there is still a chance of major trouble at Leyland—the brokers take the precaution to point out the *low Leyland* exposure of most component *makers* (the most vulnerable being Wilmot Breeden, with 15 per cent. group dependence on Leyland).

There are certainly some different views around. One talking point in the market last week, for instance, was the put through of 700,000 Associated *Engineering, while further big* lines are still being offered. But on balance there is a fair case for saying that short term prospects for the sector are brightening somewhat. And there remain two important longer term trends—the growth of the diesel market, and the steady *transformation of the* U.S. car market with its swing *towards more economical Euro*pean-type models bringing, perhaps, new opportunities for the European component manufacturers.

Audit standards

It now looks as if mid-1979 is the earliest the accounting bodies will be in a position to issue definitive auditing standards.

This is so far behind the original schedule of the mid-1970s—the timetable has already been extended several times—that it is time some *explanation for the continuous* delays was forthcoming. Time and again, over the past three years, Department of Trade inspectors have found auditors' work inadequate.

The latest of these reports—concerning Court Line—which was published last week, demonstrates how difficult it is to criticise *auditing* inadequacies so long as there *are no comprehensive bench*marks against which to measure *performance.*

It seems that the latest delay *is inspired by fear among the* office-holders of the English Institute of Chartered Accountants that another inflation accounting-type revolt by members must be prevented at all costs. At least ED18 was adventuresome. The draft auditing standards—due to be published some time soon for six months' discussion—may be so watered down as to beg the question: What standards?

Callaghan to meet Carter, Healey for Brussels talks

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

THE BRITISH Government's efforts to secure early international agreement on moves to stimulate the world economic recovery will be intensified this week.

Important visits overseas will be made by both Mr. James Callaghan, the Prime Minister, and Mr. Denis Healey, the Chancellor.

Mr. Callaghan is due to see President Carter in Washington *on Thursday.*

This visit, after the Prime Minister's *talks* in Bonn a week ago with Chancellor Schmidt, is part of a continuing U.K. drive

Mr. Denis Healey
Talks on Ortoli plan

to secure agreement on as wide a front as possible ahead of the July summit of world leaders in Bonn.

Mr. Healey *will be attending* a meeting of EEC Finance Ministers in Brussels to-day which will discuss proposals for reflationary action submitted by *M. Francois Xavier Ortoli,* Commissioner for Economic Affairs.

M. Ortoli's paper presents a bleak picture of the likely rate of growth of Gross Domestic Product *in the EEC on present policies*—only 2.8 per cent., against last October's target of ~~4~~4.5 per cent.

Assessment

He calls for a joint assessment mechanism to examine the performance of member-economies *and to establish* how each country can be fitted into a concerted plan to boost growth by about 1 per cent. more than would otherwise have occurred.

This represents a *move away* from the more general reaffirmation of an overall growth target to a more *specific* examination of member-states' contributions to any *general reflation.*

The EEC Commission is hoping that the Finance Ministers will to-day broadly endorse this plan for consideration at the heads of government *meeting in Copen*hagen in just under three weeks.

This in turn would permit detailed work to go ahead for a joint EEC policy to be agreed at a *further heads of govern*ment meeting in July just before the world summit.

The U.K. would like more progress to be made within the next few weeks *since it believes* agreement on improving growth performance is a necessary precondition to other moves on, for example, currencies.

There is a *general determina*tion involving not only the U.K. but also other member-countries, to keep West Germany as an active supporter of these efforts, *since its participation is essential* to their success.

Programme

The hope is that if a common EEC line on boosting the rate of growth can be agreed before the world leaders' summit, then there will be a greater chance of *achieving one of* Mr. Callaghan's other goals in his five-point programme.

Weather

U.K. TO-DAY

MOST DISTRICTS will have showers and sunny intervals, although South-East England may have more general rain at first.

London, South and S.E. England, East Anglia, S.W. England, West Midlands, Channel Isles and South Wales

Rain clearing followed by scattered showers and bright intervals. Wind fresh. Max. 9C (48F).

East Midlands, Northern and N.E. England

Scattered showers and sunny intervals. Wind fresh to strong. Max. 8C (46F).

N. Wales, N.W. England, Lakes, Isle of Man

Occasional showers and bright intervals. Wind strong to gale. Max. 8C (46F).

Central and E. Scotland

Showers and sunny intervals. Wind *strong to gale.* Max. 7C (43F).

West Scotland and N. Ireland

Showers and sunny intervals. Wind strong to gale. Max. 8C (46F).

Outlook: Changeable with rain at times and windy.

BUSINESS CENTRES

		Y'day mid-day °C	°F			Y'day mid-day °C	°F
Amsterdm.	C	8	46	Luxemb'g	F	5	41
Athens	C	19	66	Madrid	S	11	52
Bahrain	S	22	72	Manchstr.	R	7	45
Barcelona	S	14	57	Melbourne	C	16	61
Beirut	S	20	68	Milan	F	10	50
Belfast	R	7	45	Montreal	C	4	39
Belgrade	F	7	45	Moscow	F	0	32
Berlin	Sl	2	[illegible]	Munich	F	2	36
Brmham.	R	6	43	Newcastle	R	7	45
Bristol	R	7	45	N. York	S	12	54
Brussels	C	5	41	Oslo	F	−1	30
Budapest	F	8	46	Paris	C	9	48
B. Aires	C	25	77	Prague	C	4	39
Cairo	S	24	75	Reykjavik	R	3	37
Cardiff	R	7	45	Rio de Jo	S	30	86
Chicago	S	6	43	Rome	F	12	54
Cologne	C	8	46	Singapore	R	29	84
Copnhgn.	S	−4	25	Stockholm	S	−4	25
Dublin	R	10	50	Strasbrg.	F	6	43
Edinburgh	R	6	43	Sydney	R	20	68
Frankfurt	C	6	43	Tehran	S	20	68
Geneva	F	8	46	Tel Aviv	S	19	66
Glasgow	R	5	41	Tokyo	C	10	50
Helsinki	S	−6	21	Toronto	C	4	39
H. Kong	C	19	66	Vienna	F	7	45
Jo'burg	S	25	77	Warsaw	C	1	34
Lisbon	F	15	59	Zurich	C	6	43
London	C	7	45				

HOLIDAY RESORTS

		Y'day mid-day °C	°F			Y'day mid-day °C	°F
Ajaccio	F	15	59	Jersey	C	9	48
Algiers	F	14	57	Las Plms.	C	18	64
Biarritz	C	12	54	Majorca	F	14	57
Bordeaux	C	12	54	Malaga	S	18	64
Casablnca.	F	16	61	Malta	F	16	61
Cape Town	C	26	79	Nairobi	S	23	73
Corfu	F	11	52	Naples	S	17	63
Dubrovnik	C	11	52	Nice	S	14	57
Faro	C	15	59	Nicosia	S	18	64
Florence	F	13	55	Oporto	C	14	57
Funchal	F	16	61	Rhodes	C	19	66
Gibraltar	S	16	61	Salzburg	F	3	37
Guernsey	C	8	46	Tangier	S	15	59
Innsbruck	C	2	36	Tenerife	F	17	63
Inverness	R	6	43	Tunis	C	13	55
I. of Man	R	7	45	Valencia	S	16	61
Istanbul	F	17	63	Venice	F	11	52

S—Sunny. F—Fair. C—Cloudy. R—Rain. Sl—Sleet.

Squad from Germany joins Moro search

BY DOMINICK J. COYLE

ROME, March 19.

ITALIAN ARMY units and a West German anti-terrorist squad from Wiesbaden are supporting the civilian police and the Carabinieri here in the search for Sig. Aldo Moro, the Christian Democrat leader and former Prime Minister, kidnapped after a shoot-out in which five policemen died.

The authorities are convinced that Sig. Moro is still *alive and being held captive in* the Rome area where armed police, backed up by dogs, troops and airborne police, maintained road blocks on all main exit routes over the week-end.

There was much less visible police activity on the ground to-day, but new anti-terrorist measures are likely to be introduced this week under a *Ministerial decree.*

A photograph of Sig. Moro, sent to a Rome newspaper yesterday and purporting to come from the ultra-Leftist *Red Brigades' terrorist organi*sation, is apparently accepted as genuine.

Escape

This is seen as confirming the earlier police belief that the former Premier managed to escape injury in the shoot*out near his home when the* kidnapping happened. A typed statement accompanying the photograph said that Sig. Moro would be tried before a *"people's court."*

There is also a growing belief in official circles here that the organisation of Sig. Moro's kidnapping—if not its *actual execution—have* involved "foreign elements."

The efficient planning and timing of the attack, and its similarity with last year's kidnapping of the leading West German industrialist, Dr. Hans *Martin Schleyer, prompted* the Italian Government to accept an offer from Bonn for specialists of the West German anti-terrorist squad to be *sent to Rome to give "techni*cal support."

Talks

The Andreotti Government, *after top-level talks with the* main party leaders, including Sig. Enrico Berlinguer, the Communist Party chief, has for the moment rejected the *need to declare a virtual state* of emergency. But new provisions are likely to be introduced later this week.

These could include wider powers of arrest, the right to hold suspects for extended periods and possibly to ques*tion them without the presence* of legal advisors or an examining magistrate, and also the wide use of telephone tapping by the security forces.

For the moment, the Rome police hold only one suspect in connection (it is thought indirectly) with the *Moro kid*napping but Identikit pictures of three men and a photograph of a woman were issued tonight. She is believed to have *been involved directly in the* kidnapping and also earlier *this month* in the murder of a Turin policeman involved in investigating Red Brigade attacks.

Turin trial, Page 3

Options market starts next month

BY MARGARET REID

LONDON'S new market in traded share options, to be launched *shortly under Stock Exchange* control, now seems likely to open on either Friday, April 21 or a week later, on April 28.

This means that the London venture will begin some two or three weeks later than the *larger* European Options Exchange, which is to begin trading on April 4 and is costing £3m. to set up.

Final decisions on the rates of commission to be charged on options deals in London have yet to be taken. But it is expected that the commission payable will be *made up of a modest* fixed charge per option contract plus a further charge based on the value of the premium money paid as the price of the option.

*Indications are that the per*centage charge will be under 3 per cent. on perhaps the first £7,000, with a lower percentage on amounts above that. Above *the £7,000* level, the rate of minimum commission on share deals goes down from 1½ per cent. to 1¼ per cent.

Some tough negotiating is *likely* in Amsterdam to-morrow when representatives of the five largest London stockjobbers, led by Mr. Ed Puxley, of Bisgood Bishop, meet chiefs of the European Options Exchange.

The exchange needs a flow of up-to-date prices of the underlying British shares in which options will be traded—initially ICI, BP and GEC—to operate successfully. *Only London can* provide the best prices.

But the British jobbers and the Stock Exchange fear that if they do supply Amsterdam with their prices—the most exact available—of British shares, this *may encourage the growth of an* unofficial kerb market on the Continent, syphoning business away from London.

Heads of the exchange insist *that they will combat this and* expect dealers on their exchange, who need to acquire British shares for their option business, to buy them in London. But there are worries in the City whether the exchange can enforce this rule, as their control over members will be less absolute than, for instance, that of Britain's Stock Exchange over members.

Meanwhile, the European Options Exchange has written to the British Trade Department urging quick clearance for Stock Exchange members to join with*out needing licences under the* Prevention of Fraud (Investments) Act 1958.

Amsterdam, which enjoys the British Stock Exchange's backing in this plea, is pressing the British Government not to make *difficulties for British* stockbrokers wanting to join the European options exchange. It argues that the exchange should be allowed to be truly repre*sentative of the European Com*mon Market's securities industry, of which Britain's Stock Exchange is an important part.

Continued from Page 1

U.S. price rise curb

IMF officials are opposed to urging domestic American measures which would slow down the economy. They are anxious *about the slow pace of world* recovery.

On the other hand, some of the Fund's executive directors from hard-currency countries *believe there is no alternative to* monetary and fiscal slowdown in the U.S.

This could turn out to be a distinction without a difference. *There has already been a slowing* in the growth of the U.S. money supply since October.

The narrow measure known as "M1" has been increasing by only 4 per cent. a year.

Like Britain in a similar situation two years ago, the U.S. is not getting the full benefit of the monetary slowdown because of ideological *reluctance* to stress it.

This has fed foreign exchange markets' fears that the slowdown may be unintentional or impermanent.

Mr. Carter has a number of proposals on his desk from Mr. Michael Blumenthal, *his* Treasury Secretary; from Mr. Charles Schultze, the chairman of the Economic Advisers; and from Mr. Terry Bosworth, director of the Council on Wage and Price Stability.

These proposals stress "*jawboning*," that is informal intervention in key wage and price decisions and direct measures to influence costs, such as a symbolic 1 per cent. cut in pay *increases for Federal employees,* a roll-back of proposed social security tax increases, and a longer-term instruction to Federal regulatory agencies to take into *account the effect of* their actions on prices.

There is also increasing support for a levy on imported oil. In view of Congressional reluctance to impose a levy on domestic energy consumption, it is pointed out that the import levy could be imposed by Presi*dential edict.*

Such a levy would have the *further advantage of reducing the* Budget deficit, estimated at $60bn. for 1978-79. Under-spending, which is expected to reduce the 1977-78 deficit from *over $60bn. to $53bn., could be* even greater next year if there were a deliberate shift toward fiscal restraint.

The U.K., in common with much IMF thinking, sees eventual relief for the dollar through an acceleration of growth in other countries.

Despite the acceleration in U.S. inflation the world picture is one of declining inflation.

A new IMF memorandum points out that the rate of increase of consumer prices, compared with a year earlier, fell last December for the sixth con*secutive month, when it reached* 7.6 per cent. compared with 8.2 per cent. in July.

This suggests that there may be some degree of world demand deficiency, even taking into account the labour market distortion and other structural forces which prevented earlier ideas of full-employment targets *from being achieved.*

It follows from this that the industrial countries should make their own compromise between growth and anti-inflation objec*tives, without worrying too much* about their current balance of payments.

This conclusion would be accepted by monetarists and *Keynesians alike, although not* by some central or private bankers who have become obsessed with U.S. energy imports.

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